Star Navigation Systems Group Ltd.

Management's Discussion and Analysis
For the three and six months ended December 31, 2023 and 2022

The following management's discussion and analysis ("MD&A") is a review of operations, current financial position and outlook for Star Navigation Systems Group Ltd. (the Company" or "Star") for the three and six months ended December 31, 2023 and 2022 and should be read in conjunction with the consolidated audited financial statements for the years ended June 30, 2023 and June 30, 2022. Amounts are reported in Canadian dollars based upon the financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Information contained herein is presented as at February 29, 2024.

Certain information in this MD&A or incorporated by reference, and in other public announcements by the Company is forward–looking and is subject to important risks and uncertainties. Words such as "may", "will", "believe", "expect", "anticipate", "estimate" and similar expressions identify forward-looking statements. Forward-looking statements may be found in the General Development of the Business, Overview of Products, Operational Milestones, Outlook, Selected Financial Information, Results of Operations, Liquidity and Capital Resources and Overview sections of this MD&A. Forward-looking information includes information concerning the Company's future financial performance, business strategy, plans, goals and objectives. Forward–looking statements are necessarily based upon estimates and assumptions considered reasonable by management but which are subject to business, economic and competitive uncertainties. Results could differ materially from those projected in forward-looking statements. Aside from its efforts locally in the United States and Canada as well as in Europe, the Company continues to pursue sales and marketing efforts for its main Star Airborne Data System ("STAR-A.D.S.®") and Star Man, Machine, Interface ("STAR M.M.I.™") Division products and variants, either directly or through joint arrangements in North America, the Middle East, South-East Asia, Africa and developing countries. Star focuses on developing tracking, monitoring and analytics solutions for airlines, land and marine vehicles. The current geographical sales and marketing focus has been in the African continent, South-East Asia, Middle East and South America. The Company is of the opinion that these geographical areas represent very significant current and future growth potential in terms of both passenger miles flown and vehicle tracking systems in general. There is increasing demand for technology from airline operators and other transportation providers seeking enhanced safety and efficiency for their operations.

However, the Company accepts the fact that pursuing opportunities in areas outside North America and Europe potentially subjects it to risks involving political unrest, cultural differences, differing legal environments and business practices, and the significant added expense of travel and accommodation for Company personnel required to be onsite for sales, testing and installation duties. The Company endeavors to mitigate these risks as much as reasonably possible through the judicious use of secure financial instruments, experienced local and international sales agents and coordinated marketing and travel arrangements.

While continuing its efforts in North America and Europe, the Company's current marketing focus for its STAR-A.D.S.® System and its other tracking solutions is on sales to smaller new or restructured markets in areas outside the traditional North American and European large carrier market. This results in large part from the rapid increase in passenger volumes over the past few years in many countries in the Middle East, South-East Asia and Africa.

Prior to COVID-19, new airlines were looking for ways in which to both comply with changing regulatory requirements while at the same time, maintaining strict maintenance and financial control over their operations. The Company's business is based in large part in providing solutions to those issues, amongst others.

As COVID-19 has become less and less of a threat around the world, many of these airlines have revisited all aspects of their operations and are returning to pre-pandemic levels, it is hoped that the Company, through its local agents and partners, will be there to provide the necessary guidance and equipment.

Operations in developing and emerging markets require both caution and knowledge of local conditions and customs. The Company relies heavily on the experience, commitment and integrity of its local agents and partners to represent the Company in a businesslike and ethical manner, target potential customers, understand their individual requirements, present proposals and provide after-sales support. While care is taken in the agent/partner selection process, things can change, and it is not possible for the Company's management in Canada to stay fully abreast of the daily actions of its agents and partners abroad. Frequent contact and updates are essential and helpful but complete control is not possible.

With any sale, but especially in the developing and emerging market areas, the Company makes every effort to structure and document the agreement of the parties in such a way as to protect the interests of the Company and to ensure that the transaction is profitable. However, legal systems and cultures vary widely around the World and the enforcement of legal obligations where there is a problem such as payment can be expensive, time consuming and often unsuccessful. In addition, local political influence can be a factor, as can change of local government. The Company could be barred from operating in a jurisdiction, or payments due to the Company could be frozen or prohibited. From a cultural standpoint, in many parts of the developing and emerging world, (and, to a lesser extent, in parts of the First World as well) bribery is an accepted and normal practice. The Company has a strict written Bribery Policy, which is provided to all directors, officers, employees, consultants and agents. Still, fines and penalties could be imposed on the Company if there is a policy breach by one of the Company's agents or partners.

In addition, the airline business itself has inherent risks, and newer airlines are generally more susceptible to many of these risks. The Company's revenue comes from both hardware sales and ongoing monthly service fees. In the event that a customer ceases or restricts operations, the Company's revenues can be impacted.

The Board of Directors of the Company has determined, that despite the demonstrable risks of operating in developing and emerging markets, careful planning, deal structure, the use of Export Development Corporation assistance where possible and the employment of experienced and careful agents and partners, can mitigate the risks to the Company' business operations.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The outbreak of COVID-19 resulted in governments worldwide enacting emergency measures to combat the spread of the virus.

These measures caused material disruption to businesses globally resulting in an economic slowdown. However, as measures to contain the pandemic became effective, the pandemic was declared contained by the World Health Organization. The airline industry began to return to pre-pandemic status, there are still significant challenges facing airlines as there were before COVID-19, including staffing and route suspensions and the rising cost of jet fuel.

The Company continues to market its STAR-A.D.S.® System products and has not slowed down its sales strategy due to the lingering effects of COVID-19. The Company is enhancing its sales strategy. There was the fact that all new aircraft manufactured after January 2023 have been mandated to have a flight tracking system (Global Aeronautical Distress & Safety System ("GADSS")) installed on its aircraft. Pre-2023 aircraft operators are being encouraged to follow suit but are not currently being mandated due to the losses suffered from COVID-19.

Factors which could cause actual results to differ materially from current expectations include, among other things, the ability of the Company to successfully implement its strategic, sales and financing initiatives and whether such initiatives will yield the expected benefits.

In addition, the ability of the STAR-A.D.S.®, STAR-V-TRK and STAR- M.M.I.™ Divisions to successfully promote and sell products and services is critical. Competitive conditions in the business in which the Company participates, supply chain interruptions, general economic conditions and normal business uncertainty, fluctuations in foreign currency exchange rates and changes in laws, rules and regulations applicable to the Company in the jurisdictions in which the Company operates are all factors to be taken into consideration.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, or future events or otherwise, except as may be required by law.

Readers are cautioned that forward-looking statements are not guarantees of future performance.

Further information relating to Star is available on SEDAR at www.sedar.com.

EVOLUTION OF THE BUSINESS

Star Navigation Systems Group Ltd. commenced its operations in May 2000 and is listed on the Canadian Securities Exchange (the “CSE”) under the symbol “SNA”.

Star Navigation Systems Group Ltd. is a Canadian publicly owned technology company. It focuses on providing aerospace and transportation data services solutions along with hardware and software platforms that assist aviation and other transport related operators worldwide. Headquartered in Brampton, Ontario, Star has developed the In-Flight Safety Monitoring System (“STAR-ISMS®”), an aircraft computer that is at the heart of the Star Airborne Data System (“STAR-A.D.S.®”). The Star system combines in-flight data monitoring, diagnostics and data analysis with real-time secure connections between the aircraft and the ground, using real-time satellite transmission.

The STAR-A.D.S.® System provides real-time monitoring, data analysis, aircraft health and flight operation status, and real-time position (tracking) information, all of which contribute to aviation safety, reduction of fuel usage and maintenance costs, reduction of carbon footprint, and provides the opportunity for enhanced return on investment for airlines.

The STAR-A.D.S.® G3 computer has been certified for airworthiness (Supplemental Type Certificate (“STC”)) on aircraft type A310 by Transport Canada (“TC”) and the U.S. Federal Aviation Authority (“FAA”). The Company received its full operational STC for aircraft type A320 in September 2022. The third generation (“G3”) computer combines, in one unit, several updated air-to-ground communications means. In particular, the G3 unit adds the ability to switch from satellite communications to Global System for Mobiles (“GSM”) communications, providing maximum flexibility and cost-effectiveness to the users.

The Star Man, Machine, Interface (“STAR-M.M.I.™”) Division was created in April 2014. The Division repairs high performance flat panel displays for defence and commercial aviation industries and has been an important revenue generator within Star. STAR-M.M.I.™ serves major avionics integrators and system manufacturers worldwide.

The STAR-V-TRK system is Star’s small-scale tracking and monitoring system that can be installed on smaller vehicles such as boats, marine, trains, trucks, etc.

OVERVIEW OF PRODUCTS AND PROGRAMS

STAR-A.D.S.®

The STAR-ISMS® technology is the heart of the STAR-A.D.S.® System. The System provides airlines/operators with a cost effective, end to end solution, allowing the automated capture and delivery of the results of real-time, in-flight analysis of an agreed set of parameters. This offers the capability of real-time monitoring of the aircrafts’ performance, its status and location, and provides instant and secure access to essential aircraft information from a PC based web connection. The STAR-A.D.S.® System delivers high value, streamlined operational information with minimum impact to the airline’s internal processes and procedures. It uses a Graphical User Interface (“GUI”) providing the operator with fast, convenient visibility of information from any location, within minutes of the data being generated on an aircraft data bus, in flight, anywhere in the world.

OVERVIEW OF PRODUCTS AND PROGRAMS (Cont'd)

The STAR-A.D.S.® System is currently certified by TC and the U.S. FAA. The system can be installed on any aircraft irrespective of aircraft type for which the Company has both an installation and operational STC.

The Company is currently focussing on sales processes and marketing initiatives enhancing the product brand awareness and global coverage for selling as all commercial passenger aircraft will soon require this type of technology.

With the mandatory requirement of all Aircraft manufacturers to put this type of system on brand new aircraft being built after January 2023, the STAR-A.D.S.® System is well positioned to provide an excellent solution to Aircraft Manufacturers in the years ahead.

STAR-M.M.I.™

The STAR-M.M.I.™ Division, repairs, performs qualification tests on, and supports on-board LCD flat screen displays. These high-performance LCD displays and control panels from are used in the cockpits of fixed wing aircraft and helicopters for both civilian and military applications.

A key client for this program is U.S. Defence Contractor Lockheed Martin, whose customer is the United States Department of Defence. Star has an extended contract with Lockheed Martin that runs up until 2026 for all the repairs and maintenance required to service those units. Expenses are incurred at the time a repair is received for this program and the Company subsequently invoices the customer.

The contract is in good standing with the customer and the Company continues servicing the contract for repair and maintenance on the customer equipment. The Company's obligations are to repair the units as needed and it has all the resources in house such as the qualified technicians and quality control personnel to be in full compliance/obligation with the agreement.

STAR – TTT™ (Talk, Text & Track)

Our partner on this project was Chengdu Aerospace in China. Given the current state of relations between Canada and China, and the fact that the product requires financial resources to get certified before it can go on board an aircraft, the project has been put on hold by the Company at this time.

STAR – V – TRK™

The development of the STAR-V-TRK project has been started again with the receipt of the Letter of Intent from the Kenyan Government for the LAPSSET Program which requires tracking, monitoring and analytics of their land and marine fleet.

The product requires certification to be installed on any aircraft but will not require any certifications for land based and marine based units. Variants of the STAR-V-TRK can be installed on marine vessels, trucks and trains.

SALES & MARKETING STRATEGY

Star Navigation has shifted and improved its Sales and Marketing strategy by building upon the marketing investments established over the past 12 months. Star has been diligently focusing its sales efforts in Africa by hosting and inviting stakeholders to Aviation Accident Prevention conferences, which attracted aviation industry leaders and airlines. The conferences gave Star excellent media exposure and market awareness as well as direct access to potential customers and their decision makers.

The importance of having a physical presence in these target territories cannot be understated and Star understands that an investment in marketing in Africa will eventually pay off. Hosting and attending industry conferences focusing on aviation safety and sustainability such as the 'African Airlines Association' (AFRAA) has allowed Star to market itself as the innovative technology solution partner that can enhance airlines and its stakeholders. Marketing and building a brand is a continuous process and Star will continue to build its presence on the African continent.

At a recent African Airlines Association' (AFRAA) conference held in Addis Ababa, Ethiopia, Star hosted a masterclass on its patent-pending technology 'The Digital Twin'. This masterclass was attended by airline decision makers, industry stakeholders, and other technology providers interested in Star's technology. The purpose of the masterclass was to educate and showcase the value of real-time data and the power of data analysis technology towards enhancing safety and optimizing operations.

The Company is focusing on its core value of 'Innovation' and continuing to create innovative solutions for the aviation industry and its current customers, by leveraging real time data. During a recent trip to Saudi Arabia, Star's sales and engineering team gained positive feedback and further insights for technology enhancements that will position Star at the forefront of digital transformation solutions for the aviation industry. These solutions will build actionable artificial intelligence solutions under the patent-pending technology of 'The Digital Twin'.

'The Digital Twin' provides a real time virtual window into the operations of an airborne aircraft through its onboard edge computing hardware, the "Star Server Unit" ("STAR-SSU"). The STAR-SSU can monitor and analyze aircraft data inflight and transmit key parameters and alerts in real time through Iridium Satellites, providing operators on the ground with a 'Connected Aircraft'. The ability to visualize streamed data from an airborne aircraft in real-time gives operators an advantage to leverage insights that can enhance safety, decrease unplanned maintenance, reduce Aircraft on Ground events, eliminate manual post-flight data extraction, empower operators to leverage data to derive actionable insights such as fuel savings, predictive maintenance, proactive safety, pilot training, benchmarking and many more use cases.

Star has pivoted towards a software-as-a-solution (SAAS) service offering which has further enhanced its competitiveness in the market and generated interest from a number of operators. Star will continue to develop innovative data analytics offerings which will provide further value to Star's customers and open the market further to secure sales in the African, South American, Asian and Middle Eastern markets.

SALES & MARKETING STRATEGY (Cont'd)

In an effort to boost investor and corporate relations, Star has recently appointed Nancy Massicotte, President of IR Pro Communications Inc. as Corporate Development and Investor Relations Advisor to Star. Ms. Massicotte has introduced the Company to a number of investors and institutional bankers since joining Star. Ms. Massicotte has been involved in the corporate development, investor relations and advisory field for over 23 years, working with companies in various sectors such as mining, technology, biotech, oil and gas. Her knowledge and experience enable successful communication to shareholders and the investment community in a particularly comprehensive way.

Her knowledge of corporate development played a pivotal role in forging partnerships for Star with marketing and investor relations partners such as Out of the Box, Apaton Finance GmbH (based out of Frankfurt, Germany) and Stockhouse. Video interviews with Stockhouse and a presence at the International Investment Forum (IIF) have brought positive corporate attention to Star as the next technology provider for the aviation industry.

Out of the Box has been hired to bring corporate update and investor awareness to the market through social media and other community-driving medians such as influencers on channels such as YouTube, Reddit, TikTok, Discord, etc. with an aim of attracting new investors.

Star is now listed on the Frankfurt Stock Exchange ("FSE") under the ticker S3O which has enabled investors from Europe to view Star and recently published articles and interviews in German have put Star on European investor's watchlist.

In an effort to boost corporate and business development in Europe and the Middle East, Star has also appointed Dave Curran as a Business Development Advisor. He brings an extensive wealth of aerospace experience to Star obtained over the past four decades that includes twenty-three aircraft and systems development projects with several major aircraft OEMs.

STRATEGIC SALES UPDATES

- Star has signed Letters of intent that its Sales staff are working on completing.

- Star announced the receipt of a Letter of Intent ("LOI") from the LAPSSET Corridor Development Authority ("LCDA") respecting the purchase of Star Navigation's tracking and monitoring technology to track Marine, Train and Land assets for the LAPSSET Corridor Program. The project is obtaining new funding from the World Bank to complete and Star hopes to receive funding for its part.

- Star signed a Letter of Intent ("LOI") with Renegade Air ("Renegade") in Kenya to purchase nine (9) units of the Star A.D.S ® system. Renegade Air was founded in 2012 and is headquartered in Nairobi. Apart from regularly scheduled passenger services, they also offer private charters, ACMI Leasing, Evacuation and Relief services. They operate a fleet of DASH 8 Q300, DASH 8 Q200, Cessna Caravans, Fokker 50 & Fokker 70 aircraft.

- On December 5th, 2022, the Company signed a Letter of Intent (“LOI”) with Aero Contractors Company of Nigeria Limited (“Aero”) to purchase Ten (10) units of the STAR-ISMS®. (In-Flight Safety Monitoring System), with Options for the remainder of their fleet. Aero is a state-controlled Nigerian airline company based at Murtala Muhammed Domestic Airport in Ikeja, Lagos State, Nigeria. They operate scheduled commercial and helicopter services and they provide services in the rotary wing (helicopter) offshore oil and gas sector as well as the fixed wing scheduled and charter passenger services.

- Star participated at the African Aviation MRO show held from Feb 5-8, 2023 in Cairo, Egypt. Major Government and Aviation Industry leaders were present including Boeing, Airbus, Egypt Air, Ethiopian Airlines, United Aviation, Petra Aerospace, Safran and Caverton.

- In August 2023 the Star Sales team was invited by AlAtheer to Riyadh, Saudi Arabia to meet with AlAtheer’s management for the discussion of obtaining two more aircraft. They also met with FlyNas, Alpha Aviation, GACA, and other airlines and regulatory authorities for the region.

- In November 2023 Star participated and exhibited at the Dubai Air Show. participated in the prestigious Dubai Air Show. Our innovative solutions and the potential they hold for transforming aviation operations attracted significant interest, leading to an invitation for further in-person discussions with both the Pakistan Air Force and Pakistan Airlines in Karachi and Islamabad. These meetings represent a pivotal opportunity to explore collaborative efforts to enhance the operational capabilities of both military and commercial.

- Star received an official letter of invitation from the Nigerian Military's Director of Procurement, based in Abuja, Nigeria. This invitation opened doors to discussions on digital transformation solutions for aircraft operated by the Nigerian Air Force and Navy. Our visit to Abuja was further enriched by engaging discussions with small VIP operators, government offices with small fleet operations, and major airlines including Air Peace, Dana Air, and Arik Air.

- Star attended AviationIT Conference in London, UK. Star made a significant impact at the AviationIT Conference in London. This event concluded our Sales and Marketing trip and provided an unparalleled platform for networking with industry leaders and stakeholders. Our participation in the conference not only showcased our commitment to innovation in aviation technology but also allowed us to forge valuable connections and explore new opportunities in the global aviation industry.

- On December 6th, 2023, Star completed a surveillance audit of its AS9100 Rev "D" Quality Systems certification. These audits happen every other year. In Dec 2022 Star completed a successful renewal Audit. The renewal of its AS9100 certification reaffirms its commitment to the rigorous standards of the aerospace industry and ensures that Star products are manufactured and installed at the highest quality levels.

- In December 2023, Star proudly announced a visionary shift in the trajectory of the Company, embracing the transformative power of Generative Artificial Intelligence (“AI”). This strategic move, approved by the Company’s Board of Directors, now helps position Star at the forefront of innovation leading to advances in it’s STAR-A.D.S.® System, as well as opening new global vertical markets for exponential growth using AI technology. In line with this strategic shift, Star will allocate resources to research and development initiatives focused on advancing Generative AI technologies. This shift will not only strengthen the company's internal capabilities but also foster collaborations with key players in the dynamic Metaverse ecosystem.

- Star announced that on January 30, 2024 it has signed a NEW joint venture agreement with FlightPath International (“FPI”) for five years for the purposes of managing Star’s Aviation division which will include leading sales initiatives and training future customers on leveraging maximum business insights from the Star A.D.S ® products and data services. This agreement between Star and FPI includes both cost sharing and profit-sharing components between the two companies.

- On February 29, 2024 Star signed a binding Letter of Intent with S3iai Co. (“S3iai”), a high-tech Generative Artificial Intelligence (“AI”) company. This collaboration marks a significant milestone in the industry, propelling the Machine Learning Service Stack (“ML stack”) to new heights and has the potential to revolutionize the commercial airline landscape.

  By leveraging the immense potential of Generative AI, Star aims to help redefine the aviation industry. S3iai brings its unparalleled expertise in high-performance computing and a comprehensive suite of AI capabilities to the table, creating a powerful synergy.

  S3iai’s innovative AI platform, built with ultra-modern technology, empowers it to support diverse clients across various industries. Their platform offers intuitive, immersive, and real-time interactions. S3iai is excited to partner with Star to develop exclusive AI solutions, starting in aviation and expanding into other global markets.

  In exchange for this exclusivity and an investment of up to $4,500,000 USD, Star will hold a fifty-five percent (55%) majority stake in S3iai's issued and outstanding common stock upon the completion of the financing. The agreement includes a non-refundable deposit of $100,000 USD from Star, offering an eight-month window to finalize this investment. Additionally, Star will compensate the finders involved with a twenty percent (20%) finder's fee paid in the form of the Company's common shares.

SELECTED FINANCIAL INFORMATION ANALYSIS
General Financial Information update at December 31, 2023

Star continues to build its operations to generate sustainable revenues on a consistent basis. The Company is revamping its approach to selling its products. It is also looking at all available financing options to help sustain operations on a daily basis. However, it still requires debt and/or equity financing to sustain its operations. There can be no assurance that the Company will be successful in obtaining further financing.

SELECTED FINANCIAL INFORMATION ANALYSIS (Cont'd)
General Financial Information at December 31, 2023 (Cont'd)

Cash at December 31, 2023 was ($18,499) (June 30, 2023 - $1,047,564).

Accounts receivable are billed and collected on a regular basis.

		Dec 31, 2023 (Unaudited)		June 30, 2023 (Audited)
Opening balance	**$**	**124,765**	$	129,631
Less: Allowance for expected credit losses		**69,070**		69,070
Balance	**$**	**55,695**	$	60,561

The current aging of the accounts receivables outstanding at December 31, 2023 is $50,021 (June 30, 2023 - $60,561).

	Current	1 - 30	31 - 60	61 - 90	91+	Total
	$	$	$	$	$	$
A/R	**2,110**	**1,567**	**1,997**	**2,710**	**47,311**	**55,695**
TOTAL	**2,110**	**1,567**	**1,997**	**2,710**	**47,311**	**55,695**

The Company mitigates non-collection of accounts receivables through its assessment of customers prior to sales being made and managing customers with a hands-on approach after sale to keep on top of any customer concerns or problems that may lead to non-payment. Receivables are only written off after all avenues of reconciliation have been attempted with its customers.

Prepaid expenses have decreased in the six month period.

Capital and Right of Use assets have changed due to minor asset additions and normal depreciation and amortization charges taken in Q1 and Q2 of FY2024.

Accounts payable and accrued liabilities have increased since June 30, 2022 due to an increase in accrued liabilities.

		Dec 31, 2023 (Unaudited)		June 30, 2023 (Audited)
Trade payables (a)	**$**	**153,152**	$	177,197
Accrued liabilities (b)		**1,004,418**		970,293
	$	**1,156,570**	$	1,147,490

(a) Trade payables are amounts incurred in the normal everyday operation of the business.

(b) Accrued liabilities include amounts for CRA payroll deductions of $585,600 (June 30, 2023 - $735,676) with other accruals making up the balance.

SELECTED FINANCIAL INFORMATION ANALYSIS (Cont'd)
General Financial Information at December 31, 2023 (Cont'd)

Due to Related parties has increased in the since June 30, 2023 due to regular monthly Director fees being accrued.

On February 24, 2021, The Honourable Mr. Justice Cavanagh of The Ontario Superior Court of Justice (Commercial Court) granted an order approving the Proposal put forward by the Company on January 24, 2020 and as approved by the creditors on February 14, 2020. The proposal provides for $90,000 for unsecured creditor claims as at January 24, 2020 and $65,223 for secured creditors claims. The Trustee for the Company paid out the unsecured creditors and secured creditor partially in October 2022.

As part of the approval there is an amount due the unsecured creditors of $900,000. Of the amount owing, $614,700 was paid out in the form of common stock of the Company after the Ontario Securities Commission ("OSC") revoked the Company's failure to file cease trade order ("FFCTO"). The remaining shares will be distributed at a later date. The price of common shares to be distributed was determined to be five cents.

The Company received a total of $120,000 in the form of the Canadian Emergency Business account ("CEBA") loans from the Government of Canada in February 2022. These loans are interest free loans with no principal payments until December 31, 2023. If the Company repays $80,000 of the total loan prior to December 31, 2023 then the balance of $40,000 will be forgiven. If the balance is not paid by March 18, 2024 then the balance of the loan is converted to a three (3) year term loan with interest at 5% starting on January 1, 2024. The balance of the loan must be paid no later than June 30, 2027.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected financial information, presented in Canadian dollars and prepared in accordance with IFRS. The information contained herein is drawn from interim financial statements of the Company for each of the aforementioned eight quarters.

(Expressed in $)

	2023	**2023**	**2023**	**2023**
Period Ending	**December 31**	**September 30**	**June 30**	**March 31**
Revenue	5,674	7,678	5,311	37,130
Working Capital/(Deficit)	(1,708,175)	(1,078,548)	(466,118)	(1,840,678)
Expenses	1,018,149	705,498	2,202,977	967,126
Net Loss from Operations	(1,012,476)	(697,819)	(2,200,696)	(926,966)
Net Loss (per Share)	(0.001)	(0.001)	(0.005)	(0.001)

	2022	**2022**	**2022**	**2022**
Period Ending	**December 31**	**September 30**	**June 30**	**March 31**
Revenue	7,560	8,038	7,069	5,597
Working Capital/(Deficit)	(1,769,772)	(3,403,931)	(2,493,156)	(1,358,879)
Expenses	956,565	923,954	1,051,935	1,488,094
Net Loss from Operations	(949,004)	(915,917)	(1,044,866)	(1,482,497)
Net Loss (per Share)	(0.001)	(0.001)	(0.006)	(0.005)

SUMMARY OF QUARTERLY RESULTS (Cont'd)

REVENUES:

The last 8 quarters revenues have remained consistent from quarter to quarter with the exception of March 2023, the revenues have come from one customer.

The STAR-M.M.I.™ division had a repair in January 2023 that it completed. It has suffered from inconsistencies in sales which is evidenced by the gap of two years between orders received from its main customer.

Star A.D.S. revenues were average based on prior quarters.

EXPENSES:

The Company has been consistent in what it is spending over these eight quarters with fluctuations in spending costs coming with year-end adjustments and cash flow issues.

The Company has not been able to report a Net profit from Operations at any time in its history with the exception of March 2022 when due to the Company emerging from the NOI process, it able to record Net Income after other items because of the NOI process.

RESULTS OF OPERATIONS

Comparison of the three month periods ended December 31, 2023 and 2022

The Company had a net loss of $1,012,476 for the three month period ended Dec 31, 2023 vs. a loss of $949,004 for the three month period ended December 31, 2022. The major contributing factor in the decreased loss is the decrease in marketing expenses of $250,000.

Revenues:

	December 31,		
	2023	**2022**	**Variance**
Total Revenues	**5,674**	7,560	**(1,886)**
Star-A.D.S.®	**5,674**	7,560	**(1,886)**
Star-MMI	**-**	-	**-**

STAR-A.D.S.® revenues in the three months ended Dec 31, 2023 were down slightly from 2022.

STAR-A.D.S.® revenues are consistent with 2022 results and are dependent on an airlines' flying hours and these are not consistent on a month-to-month basis. There were no STAR-A.D.S.® hardware revenues generated in either 2023 or 2022.

The Company continues to try and get its STAR-A.D.S.® System recognized globally by the Airline industry. This is a work in progress now.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the three month periods ended December 31, 2023 and 2022 (Cont'd)

The Company has shifted it's sales focus to the countries of Africa and along with its partnership with Operators in Africa is working diligently to gain orders from those airlines. However, until the Company can get several more customers on board then sales will likely remain flat.

Cost of Inventory Consumed:

	December 31,		
	2023	**2022**	**Variance**
Cost of Inventory Consumed	**2,429**	3,703	**(1,274)**
Star ISMS	**2,429**	3,703	**(1,274)**
Star MMI		-	**-**

Cost of inventory consumed for the three months ended Dec 31, 2023 is down over 2022 as there was no MMI activity in Q2 of FY2024.

Airtime costs which the Company incurs each month increase/(decrease) depending on how much flight time the customer consumes. These costs were relatively the same from year to year.

General and Administrative:

	December 31,		
	2023	**2022**	**Variance**
Total G&A expenses	**299,582**	387,494	**(87,912)**
Amortization-Right of use assets	**26,517**	26,517	**-**
Board and Committee fees	**66,000**	54,000	**12,000**
Filing fees	**8,887**	18,954	**(10,067)**
Insurance	**10,020**	21,490	**(11,470)**
Office and general	**50,658**	44,615	**6,043**
Professional fees	**-**	35,757	**(35,757)**
Wages	**137,500**	186,159	**(48,659)**

Board and Committee fees are up this period as the Board now has seven Directors.

Filing fees are down this quarter due to fewer press release fees and less transfer agent fees. Filing fees consist of monthly CSE regulatory fees, transfer agent fees and press release fees.

Insurance costs have decreased in this period due to changes in coverage for both liability and commercial coverage.

Professional fees are down in FY2024 as much of the legal costs of FY2023 were from the litigation the Company was involved in pertaining to former employee wage claims and when it was in the Notice of Intent to file for Bankruptcy stage. This litigation has now been resolved.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the three month periods ended December 31, 2023 and 2022 (Cont'd)

Office and general expenses are up slightly in FY2024 over FY2023 as the Company has engaged an IT Specialist to bulk up its computer security.

Wages expense has dropped over FY2023 due to less personnel at this time.

Marketing and Promotion

	December 31, 2023	2022	Variance
Total M&P expenses	**548,210**	297,780	**250,429**
Consultant costs	**457,979**	115,000	**342,979**
Investor relations	**32,500**	42,000	**(9,500)**
Advertising	**-**	7,833	**(7,833)**
Salaries and benefits	**24,000**	30,444	**(6,444)**
Travel costs	**33,731**	102,504	**(68,773)**

Marketing and promotion costs have increased by $250,429 over FY2023 due to increases in consultant costs as the Company expands its sales efforts overseas.

Investor relations fees in FY2024 are down slightly over FY2023 as the Company continues its relationship with Stockhouse but has discontinued other consultants who were advising in this area.

Advertising costs are down as the Company re-evaluates where to best spend and how to grow the presence of the Company globally.

Travel costs have decreased as the Company severed a relationship with a sales agent in May 2023 and started using in-country sales support in the African region at a much lesser cost to the Company.

Salaries and benefits decreased in this period due to staff reductions.

Product Maintenance & Operating costs:

	December 31, 2023	2022	Variance
Total Maintenance expenses	**139,871**	239,785	**(99,913)**
Amortization expense	**3,525**	5,130	**(1,605)**
Maintenance costs	**6,997**	8,789	**(1,792)**
Travel costs	**-**	13,364	**(13,364)**
Wages	**129,350**	212,501	**(83,151)**

Maintenance costs have decreased over FY2023. For the three month period ending December 2023 total Maintenance costs relate only to the STAR-A.D.S.®.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the three month periods ended December 31, 2023 and 2022 (Cont'd)

This is the only program that the Company is actively working on currently. For 2023 the STAR-A.D.S.® program accounted for all of the expenditures. There were no LSAMM and ISAMM costs in the period ended December 31, 2023.

Wages have decreased this period as the Company has cut back on staff until it receives new orders.

Comparison of the six month periods ended December 31, 2023 and 2022

The Company had a net loss of $1,710,295 for the six month periods ended Dec 31, 2023 vs. a loss of $1,864,921 for the six month period ended Dec 31, 2022. The major contributing factor in the decreased loss is the decrease in product maintenance and Operating costs.

Revenues:

		December 31,	
	2023	**2022**	**Variance**
Total Revenues	**13,352**	15,598	**(2,245)**
Star-A.D.S.®	**13,352**	15,598	**(2,245)**
Star-MMI	**-**	-	**-**

STAR-A.D.S.® revenues in the six months ended Dec 31, 2023 were down slightly from 2022.

STAR-A.D.S.® revenues are consistent with 2022 results and are dependent on an airlines' flying hours and these are not consistent on a month-to-month basis. There were no STAR-A.D.S.® hardware revenues generated in either 2023 or 2022.

The Company continues to try and get its STAR-A.D.S.® System recognized globally by the Airline industry. This is a work in progress now. The Company has shifted is sales focus to the countries of Africa and along with its partnership with Operators in Africa is working diligently to gain orders from those airlines. However, until the Company can get several more customers on board then sales will likely remain flat.

Cost of Inventory Consumed:

		December 31,	
	2023	**2022**	**Variance**
Cost of Inventory Consumed	**7,321**	8,930	**(1,609)**
Star ISMS	**7,321**	7,834	**(513)**
Star MMI	**-**	1,096	**(1,096)**

Cost of inventory consumed for the six months ended June 30, 2023 is down over 2022 as there was no MMI activity in Q1 of FY2024.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the six month periods ended December 31, 2023 and 2022 (Cont'd)

Airtime costs which the Company incurs each month increase/(decrease) depending on how much flight time the customer consumes. These costs were relatively the same from year to year.

General and Administrative:

	December 31,		
	2023	**2022**	**Variance**
Total G&A expenses	**582,597**	635,797	**(53,200)**
Amortization-Right of use assets	**53,034**	53,034	**-**
Board and Committee fees	**132,000**	108,000	**24,000**
Filing fees	**11,887**	24,732	**(12,845)**
Insurance	**22,188**	32,797	**(10,609)**
Office and general	**88,489**	83,735	**4,754**
Professional fees	**-**	8,575	**(8,575)**
Wages	**274,999**	324,924	**(49,925)**

Board and Committee fees are up this period as the Company now has seven Directors on its Board.

Filing fees are down compared to the FY2022 results as transfer agent fees are down. Filing fees consist of monthly CSE regulatory fees, transfer agent fees and press release fees.

Insurance costs have decreased in this period due to changes in coverage for both liability and commercial coverage.

Professional fees are down in FY2024 as much of the legal costs of FY2023 were from the litigation the Company was involved in pertaining to former employee wage claims and when it was in the Notice of Intent to file for Bankruptcy stage. This litigation has now been resolved.

Office and general expenses are up slightly in FY2024 over FY2023 as the Company has engaged an IT Specialist to bulk up its computer security.

Wages expense has decreased over FY2023 due to decreases in personnel.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the six month periods ended December 31, 2023 and 2022 (Cont'd)

Marketing and Promotion

		December 31,	
	2023	**2022**	**Variance**
Total M&P expenses	**761,554**	768,180	**(6,626)**
Consultant costs	**545,749**	460,000	**85,749**
Investor relations	**81,500**	72,000	**9,500**
Advertising	**-**	29,093	**(29,093)**
Salaries and benefits	**48,661**	62,743	**(14,082)**
Travel costs	**85,644**	144,344	**(58,700)**

Marketing and promotion costs have decreased marginally over FY2023 due to decreases in travel costs.

Investor relations fees in FY2024 have increased over FY2023 as the Company continues its relationship with Stockhouse and has engaged other consultants to help solidify its market position.

Advertising costs are down as the Company re-evaluates where to best spend and how to grow the presence of the Company globally. This is part of the Company's new Sales strategy and development that was undertaken at the beginning of 2022.

Travel costs have dropped as the Company severed its relationship with a Sales agent who was responsible for the bulk of the travel costs. The Company has started using in-country sales personnel at a lesser cost.

Salaries and benefits decreased in this period due to staff reductions.

Product Maintenance & Operating costs:

		December 31,	
	2023	**2022**	**Variance**
Total Maintenance expenses	**311,674**	416,027	**(104,354)**
Amortization expense	**7,050**	7,948	**(898)**
Maintenance costs	**37,342**	11,153	**26,189**
Travel costs	**-**	15,064	**(15,064)**
Wages	**267,282**	381,862	**(114,580)**

Maintenance costs have decreased over FY2023. For the six month period ending December 2023 total Maintenance costs relate only to the STAR-A.D.S.®.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the six month periods ended December 31, 2023 and 2022 (Cont'd)

This is the only program that the Company is actively working on currently. For 2023 the STAR-A.D.S.® program accounted for all of the expenditures. There were no LSAMM and ISAMM costs in the period ended December 31, 2023.

Wages have decreased this period as the Company has cut back on staff until it receives new orders.

FOREIGN EXCHANGE GAIN/LOSS:

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate. Non-monetary assets and liabilities as well as revenue and expense transactions denominated in foreign currencies are translated at the rate prevailing at the time of the transaction. Translation gain or loss adjustments are recognized in the year in which they occur.

The Company is exposed to fluctuations in the value of the following financial instruments which are denominated in US dollars:

		Dec 31, 2023 (Unaudited)		June 30, 2023 (Audited)
Cash	**$**	**198**	$	198
Accounts receivable		**55,695**		60,561
Accounts payable		**(12,864)**		(7,454)
	$	**43,029**	$	53,305

Based on the Company's net exposure to US dollar denominated instruments at December 31, 2023 and June 30, 2023, a sensitivity analysis has not been presented as it would be immaterial.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash of ($18,499) at December 31, 2023 vs. $1,047,564 at June 30, 2023. The Company has a working capital deficiency of $1,708,175 at December 31, 2023 compared to a deficiency of $466,118 at June 30, 2023.

The Company will have to continue to fund operations through private equity placements and shares for debt transactions until a regular income stream can be obtained from sales. The Company is exploring other transactions and partnerships (See Strategic Sales Update above). The FPI partnership and its cost-sharing/profit sharing component is just one of the ways that the Company is continually looking to reduce its monthly cash burn until revenue can be generated.

The Company depends on the support of its shareholders for financing. Revenues from STAR-M.M.I.™ and STAR-A.D.S.® are sporadic throughout the year and not enough to cover monthly expenses which leads to constant working capital deficiencies.

LIQUIDITY AND CAPITAL RESOURCES (Cont'd)

This does not allow the Company to plan any long-range projects such as inventory fulfillment which would alleviate last minute rush purchases which generally cost the Company more money.

The Company will continue to need more funding later in 2024 unless sales efforts improve and is currently completing a private equity round of fund raising at this point in time.

The Company is subject to the risks generally associated with high-technology companies, which include fluctuations in operating expenses and revenues.

In FY2024 the Company completed the following equity transactions;

On July 19, 2023, the Company completed a Shares for Debt transaction and converted $113,000 of outstanding debt (the "Debt Conversion") into 2,260,000 units (the "Debt Conversion Units"). Each Debt Conversion Unit was issued at four cents ($0.05) per Debt Conversion Unit and consists of one (1) common share of the Company and one (1) warrant.

Each of the warrants acquired entitles the holder to purchase one (1) additional common share of the Company at five ($0.05) cents per warrant exercised. The warrants are exercisable during the one (1) year period from the date of issue.

On August 30, 2023, the Company issued shares for finders' fees as part of the Private placement transaction completed on April 1, 2023. The total number of shares issued was 4,747,500 at a price of $0.04 per common share.

In November 2023, the Company completed a Shares for Debt transaction and converted $387,000 of outstanding debt (the "Debt Conversion") into 19,350,000 units (the "Debt Conversion Units"). Each Debt Conversion Unit was issued at two cents ($0.02) per Debt Conversion Unit and consists of one (1) common share of the Company and one (1) warrant. Each of the warrants acquired entitles the holder to purchase one (1) additional common share of the Company at five ($0.05) cents per warrant exercised. The warrants are exercisable during the one (1) year period from the date of issue.

In FY2023 the Company completed the following equity transactions;

On October 11, 2022, the Company closed a non-brokered private placement of 101,328,571 units in the capital of the Company ("Units") at a purchase price of $0.021 per Unit for total gross proceeds of $2,127,900.

On November 1, 2022, the Company completed a Shares for Debt transaction of 33,925,000 units in the capital of the Company ("Units") at a purchase price of $0.025 per Unit for total gross proceeds of $678,500.

On April 1, 2023, the Company closed a non-brokered private placement of 47,475,000 units in the capital of the Company ("Units") at a purchase price of $0.04 per Unit for total gross proceeds of $1,899,000.

LIQUIDITY AND CAPITAL RESOURCES (Cont'd)

On April 15, 2023, the Company completed a Shares for Debt transaction and converted $325,000 of outstanding debt (the "Debt Conversion") into 8,125,000 (the "Debt Conversion Units"). Each Debt Conversion Unit was issued at four cents ($0.04) per Debt Conversion Unit and consists of one (1) common share of the Company and one (1) warrant.

For the period ending December 31, 2023, cash flow used by operating activities was ($1,438,013) as compared to ($1,967,366) at December 31, 2022.

OFF BALANCE SHEET ARRANGEMENTS

As at December 31, 2023 the Company had no off balance sheet arrangements such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to the Company.

OUTSTANDING SHARE DATA

Series I First Preferred Shares	615,000
Common Shares	1,088,112,954
Share Purchase Warrants	471,651,202 (exercise price of $0.05)
Shares to be issued	11,260,700
Stock Options	16,500,000 (exercise price of 0.05 with expiry dates up to January 4, 2027).

ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. Estimates and underlying assumptions are reviewed on an ongoing basis. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to the determination of the Useful lives and impairment of property and equipment and right-of-use assets and the valuation warrants granted.

The most significant area of judgments are going concern and deferred tax assets.

RELATED PARTY TRANSACTIONS

The Company has accrued amounts due to related parties. The amounts represent monthly compensation accrued with respect to salary compensation for its directors and officers.

The Company's Board of Directors are compensated at the rate of $2,000 per month for performing duties such as providing guidance to management in areas such as corporate governance, reviewing strategic plans, budgeting, material contracts or joint ventures.

Committee Chairpersons are selected from the Directors of the Company to lead the Audit, Compensation/Corporate Governance and Strategic Planning/Human Resources committees. Chairpersons are remunerated at the rates of $1,000 per month.

(a) amounts due to related parties at December 31, 2023 is $668,728 (June 30, 2023 - $352,728) and is comprised of the following:

		Dec 31, 2023 (Unaudited)		June 30, 2023 (Audited)
Due to Directors – (included in Due to Related parties)	**$**	**297,000**	$	183,000
Due to Directors – (included in Accounts payables and accrued liabilities)		**271,504**		47,502
Due to Committee Chairpersons – (included in Due to Related parties)		**60,000**		42,000
Due to Former Chief Executive Officer – (Included in Due to Related parties) (i)		**40,224**		40,224
	$	**668,728**	$	312,726

(i) There is a deposit of $25,000 against the secured creditor claim. All unsecured amounts were written down as per the acceptance of the Notice of Intention to Make a Proposal Event on February 24, 2021.

(b) Compensation to key management personnel, directors and committee chairpersons included in the interim consolidated statement of loss and comprehensive loss was as follows for the period ended December 31, 2023:

	Dec 31, 2023			Dec 31, 2022		
	Officers	**Directors**	**Total**	Officers	Directors	Total
	$	**$**	**$**	$	$	$
Salaries	**275,000**	**-**	**275,000**	172,500	-	172,500
Directors fees	**-**	**132,000**	**132,000**	-	108,000	108,000
	275,000	**132,000**	**407,000**	172,500	108,000	280,500

CONTINGENCY

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, vendors and former employees. Management believes that adequate provisions have been recorded in the accounts where required.

LITIGATIONS

(a) Lawsuits

On or about October 16, 2020, the CNESST (commission on workplace standards, fairness, health and safety) in Quebec, Canada, on behalf of certain employees, instituted a civil action against the Company and one of its subsidiaries, Star-Isoneo Inc. before the Superior Court in Montreal, Quebec. The CNESST is claiming a total amount of $278,145 (2022 – $390,961) against both the Company and Star-Isoneo Inc. The amount consists of unpaid fees of $3,983, unpaid salary of $258,825 (2022 - $306,480) and unpaid vacation pay of $15,427.

In addition to the above amounts and under Article 114 of the Act Respecting Labour Standards, the CNESST is also claiming 20% of the total amount of the claim representing the amount of $65,160, as fees. This is an amount owed directly to the CNESST. The majority of the amounts under the claim above are for periods in 2021, a portion of which are covered by the bankruptcy procedures as outlined above.

On or about November 20, 2020, the CNESST, on behalf of a former employee, instituted a civil action against the Company and its subsidiary, Star-Isoneo Inc. before the Court of Quebec in Montreal, Quebec. The sums claimed amount to $9,455 and represent unpaid wages for the period escalating from March 1, 2021 to April 3, 2021. In addition to the above amount, the CNESST is also claiming 20% of the total amount of the claim representing the amount of $1,891, as fees. This is an amount owed directly to the CNESST.

This claim represents the second monetary claim filed by the former employee. The former employee is also part of the first action mentioned above, but the amounts claimed in this action are different since they relate to a different period. The Company has accrued $5,500 for this action.

On or about October 16, 2020, Mr. Jean-Louis Larmor, the Company’s former interim Chief Executive Officer, and Vice-President, Corporate Development filed various complaints against the Company and its subsidiary, Star-Isoneo Inc., including a monetary complaint for amounts owed to Mr. Larmor, a prohibited practice (in accordance with Article 122 of the Act Respecting Labour Standards), and a dismissal without just and sufficient cause (in accordance with Article 124 of the Act Respecting Labour Standards). The Company has accrued $173,000 towards Mr. Larmor’s claim, included in accrued liabilities.

With respect to the complaints for prohibited practice and of dismissal, if Mr. Larmor’s complaint were to be accepted by the tribunal, he would be entitled to full retroactive salary between the date of his reinstatement and the date of his termination of employment, in addition to other potential damages.

On November 1, 2022 the Company and Mr. Larmor reached a mediated settlement with respect to his claim. The Company agreed to pay Mr. Larmor a total of $110,000 dollars with a total of $72,000 being paid out over a six month period in cash and $38,000 being paid in shares.

LITIGATIONS (Cont'd)

On or about October 19, 2020 and October 27, 2020, two complaints against the Company and its subsidiary, Star-Isoneo Inc. were brought by two former employees. The complaints are for an amount owed to each employee (monetary complaint); and a dismissal without just and sufficient cause (in accordance with Article 124 of the Act Respecting Labour Standards).

The Company has accrued $36,000 (net of $31,000 owed to the Company by these employees). In May 2022 one of the complaints brought against the Company was settled for $25,000 (net of $19,135 owed to the Company by this former employee). In June 2022 the second complaint against the Company was settled for $15,000 (net of $12,420 owed to the Company by this former employee).

With respect to the complaints for dismissal, if the employee's complaint were to be accepted by the tribunal, the employee would be entitled to retroactive full salary between the date of reinstatement and the date of termination of employment, in addition to other potential damages.

RISK FACTORS AND RISK MANAGEMENT

Although management is working diligently towards generating revenue, improving cost containment and achieving profitable operations, the Company is subject to the risks generally associated with high-technology companies. These risks include fluctuations in operating expenses, lengthy sales cycles, the pace of technological change, human resource costs of necessary additional research and development, competition, regulatory approvals and permitting, and the need to secure further equity or debt financing and/or funding.

The Company is also subject to the risk of competition in a fast-moving high technology industry. Protection of the Company's intellectual property carries the risk of expensive litigation. Retention of highly skilled key personnel, fluctuation of input costs, travel costs and general economic conditions may impact the Company's performance.

COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The outbreak of COVID-19 resulted in governments worldwide enacting emergency measures to combat the spread of the virus.

These measures caused material disruption to businesses globally resulting in an economic slowdown. However, as measures to contain the pandemic became effective, the airline industry returned to pre-pandemic status, there are still significant challenges facing airlines, including staffing, route suspensions and the prospect of additional COVID-19 variants to be addressed.

RISK FACTORS AND RISK MANAGEMENT (Cont'd)

Economic Dependence

The Company essentially has two customer groups at the present time. One is the STAR-A.D.S.® In flight safety monitoring System. This is marketed to commercial airlines of which two airlines are currently customers and revenue generating. The second customer group relates to maintenance support of equipment installed on the P-3 Orion aircraft operated by various military organizations, with maintenance support sub-contracted to the Company by Lockheed Martin. Requests for service are on an "as required" basis and cannot be predicted with certainty.

While the loss of any business would cause difficulties for the Company, the loss of one customer such as Lockheed Martin would not materially alter the viability of the Company.

Operations in Foreign Jurisdictions:

The Company's operations offshore have historically been concentrated in India and the Middle East, primarily due to the local experience and contacts of various senior executives of the Company, and the number and rate of expansion of commercial airlines in that area. The Company has now shifted its focus to Africa due to its agreement with Flightpath International.

While sales to a smaller and perhaps more innovative airlines can often be more easily accomplished, the Company is from time to time obliged to offer terms that potentially expose it to issues such as payment problems and the difficulty and expense inherent in enforcing contractual obligations in a foreign jurisdiction. In addition, the expense of servicing or repairing equipment, whether onsite or at the Company's premises in Ontario, can be troubling.

Overseas sales can also be made more difficult due to local culture and business practices. The Company has had a Bribery Policy in place for many years and ensures, to the best of its ability, that all of its officers, employees, consultants and agents are fully aware of the policy and agree to abide by it. Having said that, the Company faces the same challenges in this regard as are faced by all North American companies operating in those jurisdictions."

The Company's revenues depend mainly upon three factors: hardware sales, ongoing monthly monitoring charges and airtime and STAR-M.M.I.™ repair activities. Revenues from hardware are normally a one-time event and are dependent upon sales. Therefore, these revenues will vary from year to year. Revenue from a customer from ongoing monthly monitoring is relatively stable, but can vary depending upon usage and, in rare cases, upon the financial health of the customer.

Revenue from the STAR-M.M.I.™ Division activities has been non-existent on an annualized basis for the past two years. When it occurs it can and does vary throughout the year, as has been noted earlier in this MD&A.

RISK FACTORS AND RISK MANAGEMENT (Cont'd)

The Company is working diligently to increase the level of sales across its product suite, carefully monitors the payment records of its customers, and sets its pricing models to reflect risk and return realities.

Operating expenses are generally stable but will vary depending on required staffing levels, equipment update and replacement, sales activity and required engineering activities. These expense items are pre-revenue in nature. The Company now offers a fully developed STAR-A.D.S.® System to the commercial aviation world.

The Company's target clients for the flagship STAR-A.D.S.® System, and its variant applications, are mainly commercial airlines. As is the case with high technology sales to any large commercial operation operating on slim margins in a competitive environment, the sales cycle is generally a lengthy one, involving multiple varied sales presentations to several different departments and stakeholders, including engineering, finance, operations and the executive. The target clients for STAR-M.M.I.™ represent a much larger group which should require a shorter sales and installation cycle.

A large percentage of the Company's sales initiatives prior to STAR-A.D.S.® involved non-North American customers, with the attendant travel and time requirements.

Amongst other initiatives, the Company is continuing to review and reorganize its sales process. Where possible, it tries to make greater use of video conferencing, although face to face meetings are required with respect to already well defined and prepared prospects and opportunities.

It is also refocusing its efforts to provide an enhanced emphasis on potential North American customers, while maintaining its existing initiatives overseas.

Regulatory matters can delay the sales process to varying degrees. The Company relies upon entities such as Transport Canada to issue approvals such as Supplemental Type Certificates, required whenever the Company is installing equipment aboard an aircraft.

Until revenues exceed expenses, the Company raises the necessary capital through private placements and other financing tools. There can be no assurance that management will be successful in raising the necessary capital required to fund ongoing activities.

As noted herein, there are a number of risks inherent in the business of the Company. As a result of those risks, and its present stage of development, an investment in the Company should be considered highly speculative.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

In accordance with National Instrument 52-109, Certification of Disclosure in Company's Annual and Interim Filings ("NI 52-109"), the CEO and CFO file a Venture Company Basic Certificate with respect to the financial information contained in the financial statements and accompanying Management's Discussion and Analysis. The Venture Company Basic Certification includes a "Note to Reader" stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109.

As part of our corporate governance practices, ICFR and DC&P have been designed. There has been no formal evaluation of the operation of these controls. The Company has designed its ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance IFRS.

Management works to mitigate the risk of a material misstatement in financial reporting; however, a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

The Company's DC&P have been designed to ensure that information required to be disclosed by Star is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

It should be noted that while the Company's CEO and CFO believe that the Company's DC&P provide a reasonable level of assurance that they are effective, they do not expect that the DC&P or ICFR will prevent all errors or fraud. There have been no material changes to the internal controls of the Company for the period ended December 31, 2023.