

Star Navigation Systems Group Ltd.
Management's Discussion and Analysis
For the three and nine months ended March 31, 2024 and 2023

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 nine months ended March 31, 2024 and 2023 and should be read in conjunction with the consolidated audited financial statements for the years ended June 30, 2023 and June 30, 2023. 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 May 30, 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 been contained now around the world, many of these airlines have 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 has returned to pre-pandemic status, but there are still significant challenges facing airlines as a result of the COVID-19 pandemic, including staffing and route suspensions and the rising cost of jet fuel.

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 2023. 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 LAPSET 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 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 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 the project and Star hopes to receive an order for funding for its part.
- Star has 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. This agreement is still being worked on at this time.

- 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 2023 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 announced a 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 its 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 the heels of the FPI signing, FlightPath EVP, Jonathan Kordich immediately deployed to Abuja, Nigeria, on the invite by the Minister of Aviation and Aero Space (“MAA”) under the New Administration of Nigeria, for review of the previous developments in establishing a Western Standard Airline Training Centre with multiple state-of-the-art Full Level IV Flight Simulators for Commercial Airline Pilot and Engineering Training, with a project investment of over \$70M USD. Additionally, the Training Centre is planned to have a 5-Star Hotel Complex associated with the property.

These developments have been leveraged by FPI to introduce the Star ISMS Technology to the new MAA. Follow up meetings were requested by the MAA to include the Permanent Secretary, Director General Nigerian Civil Aviation Authorities, Commissioner Accident Investigation Board of Nigeria, and various Governors and Senators of multiple Nigerian States.

This Nigerian Ministry of Aviation has expressed a tangible interest in procuring the requirements to Mandate the Star-ISMS for the Nigerian Commercial Airlines and Helicopter Operators.

- 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. Star also retains the right and has the flexibility to invest any amount between \$100,000 USD (non-refundable) and \$4,400,000 into S3iai which will then determine the equity share proportion that Star will end up with. 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 that will be paid out in tranches as the deal attains certain milestones.

In tandem with the S3iai collaboration, Star is pleased to announce that S3iai has entered into a three (3) year SDK platform agreement with ImagineAR (CSE:IP), a leading augmented reality AI company (See www.imagineAR.com). This strategic alliance will empower S3iai to integrate ImagineAR's patented global AR self-publishing platform with proprietary Large Language Model (LLM) interactive platforms, providing clients with unparalleled immersive AR experiences seamlessly integrated with proprietary GenAI interaction.

- On May 9, 2024 Star held its Annual and Special General Meeting of shareholders. The meeting was held in person at Star's offices in Brampton, Ontario. All resolutions submitted to the shareholders were passed. Details of the resolutions passed can be found on SEDAR. The following directors were elected, Mr. Gurdip Panaich, Mr. Randy Koroll, Ms. Pawandeep Athwal, Mr. Alessandro Cunsolo and Ms. Amanpreet Kaur-Purewal.

SELECTED FINANCIAL INFORMATION ANALYSIS

General Financial Information update at March 31, 2024

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.

Cash at March 31, 2024 was \$1,093,433 (June 30, 2023 - \$1,047,564).

Accounts receivable are billed and collected on a regular basis.

	March 31, 2024 (Unaudited)		June 30, 2023 (Audited)
Opening balance	\$ 130,494	\$	129,631
Less: Allowance for expected credit losses	69,070		69,070
Balance	\$ 61,424	\$	60,561

SELECTED FINANCIAL INFORMATION ANALYSIS (Cont'd)
General Financial Information at March 31, 2024 (Cont'd)

The current aging of the accounts receivables outstanding at March 31, 2024 is \$61,424 (June 30, 2023 - \$60,561).

	Current	1 - 30	31 - 60	61 - 90	91+	Total
	\$	\$	\$	\$	\$	\$
A/R	4,250	1,479	-	2,110	53,585	61,424
TOTAL	\$ 4,250	\$ 1,479	\$ -	\$ 2,110	\$ 53,585	\$ 61,424

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 increased due to the deferral of finders fees associated with the S3iai agreement that was signed.

Capital and Right of Use assets have changed due to minor asset additions and normal depreciation and amortization charges taken during the year.

Accounts payable and accrued liabilities have increased since June 30, 2023 due to an increase in accrued liabilities for sales consultants.

	March 31, 2024 (Unaudited)	June 30, 2023 (Audited)
Trade payables (a)	\$ 81,770	\$ 177,197
Accrued liabilities (b)	1,771,777	970,293
	\$ 1,853,547	\$ 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 \$632,751 (June 30, 2023 - \$735,676) with other accruals making up the balance.

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 2023.

SELECTED FINANCIAL INFORMATION ANALYSIS (Cont'd)
General Financial Information at March 31, 2024 (Cont'd)

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 2023. These loans are interest free loans with no principal payments until March 31, 2024. If the Company repays \$80,000 of the total loan prior to March 31, 2024 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 \$)

	2024	2023	2023	2023
Period Ending	March 31	December 31	September 30	June 30
Revenue	5,729	5,674	7,678	5,311
Working Capital/(Deficit)	(441,429)	(1,708,175)	(1,078,548)	(466,118)
Expenses	2,167,315	1,020,587	705,498	2,202,977
Net Loss from Operations	(2,161,587)	(1,014,914)	(697,819)	(2,200,696)
Net Loss (per Share)	(0.002)	(0.001)	(0.001)	(0.005)

	2023	2022	2022	2022
Period Ending	March 31	December 31	September 30	June 30
Revenue	37,130	7,560	8,038	7,069
Working Capital/(Deficit)	(1,840,678)	(1,769,772)	(3,403,931)	(2,493,156)
Expenses	967,126	956,565	923,954	1,051,935
Net Loss from Operations	(926,966)	(949,004)	(915,917)	(1,044,866)
Net Loss (per Share)	(0.001)	(0.001)	(0.001)	(0.006)

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. Star has received three more orders for its STAR-M.M.I.™ division after March 31, 2024 which were completed in May 2024. This division has suffered from inconsistencies in sales which is evidenced by the gap between orders received from its main customer.

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

SUMMARY OF QUARTERLY RESULTS (Cont'd)

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 2023 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 March 31, 2024 and 2023

The Company had a net loss of \$2,161,587 for the three-month period ended March 31, 2024 vs. a loss of \$929,996 for the three month period ended March 31, 2023. The major contributing factor in the increased loss is the increase in marketing expenses.

Revenues:

	2024	March 31, 2023	Variance
Total Revenues	5,729	37,130	(31,401)
Star-A.D.S.®	5,729	5,225	504
Star-MMI	-	31,906	(31,906)

STAR-A.D.S.® revenues in the three months ended March 31, 2024 were down due to no MMI sales in the quarter as compared to 2023. The Company received three orders in the MMI division in March 2024 that were completed in May 2024.

STAR-A.D.S.® revenues are consistent with 2023 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 2024 or 2023.

The Company continues to try and get its STAR-A.D.S.® System recognized globally by the Airline industry and has shifted it's sales focus to the country 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.

RESULTS OF OPERATIONS (Cont'd)**Comparison of the three-month periods ended March 31, 2024 and 2023 (Cont'd)****Cost of Inventory Consumed:**

	March 31, 2024	2023	Variance
Cost of Inventory Consumed	3,789	-	3,789
Star ISMS	3,789	-	3,789
Star MMI		-	-

Cost of inventory consumed for the three months ended March 31, 2024 is up over 2023 as there was no MMI costs in Q3 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:

	March 31, 2024	2023	Variance
Total G&A expenses	677,182	386,628	290,553
Amortization-Right of use assets	26,515	26,517	(2)
Board and Committee fees	66,000	66,000	-
Filing fees	4,985	17,464	(12,479)
Insurance	10,684	10,019	665
Office and general	28,407	67,769	(39,362)
Professional fees	3,088	(51,092)	54,180
Wages	537,502	249,951	287,551

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, as well Q3 of FY2023 had annual AGM costs incurred which Q3 of FY2024 did not. Filing fees consist of monthly CSE regulatory fees, transfer agent fees and press release fees.

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

Professional fees are up in FY2024 due to an audit accrual reversal in FY2023.

Office and general expenses are down as the Company cuts back on spending.

RESULTS OF OPERATIONS (Cont'd)**Comparison of the three-month periods ended March 31, 2024 and 2023 (Cont'd)**

Office and general expenses are down over FY2023.

Wages expense has increased over FY2023 with the majority of expense being accrued.

Marketing and Promotion

	2024	March 31, 2023	Variance
Total M&P expenses	1,097,866	361,229	736,637
Consultant costs	986,264	177,500	808,764
Investor relations	-	58,787	(58,787)
Advertising	-	5,508	(5,508)
Salaries and benefits	112,000	21,594	90,406
Travel costs	(398)	97,840	(98,238)

Consultant costs have increased by \$808,764 over FY2023 due to increases in costs attributed to the Company expanded sales efforts overseas.

Investor relations fees in FY2024 are down over FY2023 as the Company put its relationship with Stockhouse on hold and 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 increased in this period.

Product Maintenance & Operating costs:

	2024	March 31, 2023	Variance
Total Maintenance expenses	142,435	162,210	(19,775)
Amortization expense	3,525	5,315	(1,790)
Maintenance costs	3,725	6,890	(3,165)
Travel costs	-	9,800	(9,800)
Wages	135,185	140,205	(5,020)

Maintenance costs have decreased over FY2023. For the three month period ending March 31, 2024 total Maintenance costs relate only to the STAR-A.D.S.®.

RESULTS OF OPERATIONS (Cont'd)

Comparison of the three-month periods ended March 31, 2024 and 2023 (Cont'd)

This is the only program that the Company is actively working on currently. For FY2024 the STAR-A.D.S.® program accounted for all of the expenditures. There were no LSAMM and ISAMM costs in the period ended March 31, 2024.

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

Comparison of the nine-month periods ended March 31, 2024 and 2023

The Company had a net loss of \$3,874,319 for the nine-month period ended March 31, 2024 vs. a loss of \$2,794,917 for the nine-month period ended March 31, 2023. The major contributing factor for the increased loss is the increase in marketing and promotion costs.

Revenues:

	2024	March 31, 2023	Variance
Total Revenues	19,081	52,728	(33,647)
Star-A.D.S.®	19,081	20,822	(1,741)
Star-MMI	-	31,906	(31,906)

STAR-A.D.S.® revenues in the nine-months ended March 31, 2024 were down from 2023.

STAR-A.D.S.® revenues are consistent with 2023 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 2023.

The Company had one STAR-MMI sale in the FY2023 quarter but none in Q3 of 2024. Star has received three more orders for the MMI division that were completed in May 2024.

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 its 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:

	2024	March 31, 2023	Variance
Cost of Inventory Consumed	11,111	8,930	2,181
Star ISMS	11,111	7,834	3,277
Star MMI	-	1,096	(1,096)

Cost of inventory consumed for the nine-months ended March 31, 2024 is up over FY2023 as ISMS costs were up in the quarter.

RESULTS OF OPERATIONS (Cont'd)**Comparison of the nine-month periods ended March 31, 2024 and 2023 (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:

	March 31,		
	2024	2023	Variance
Total G&A expenses	1,259,778	1,022,425	237,353
Amortization-Right of use assets	79,549	79,551	(2)
Board and Committee fees	198,000	174,000	24,000
Filing fees	16,872	42,196	(25,324)
Insurance	32,872	42,817	(9,945)
Office and general	116,895	151,504	(34,609)
Professional fees	3,088	17,483	(14,394)
Wages	812,502	514,875	297,627

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

Filing fees are down compared to the FY2023 results as transfer agent fees are down and FY2023 contains AGM costs. 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 down in FY2024 over FY2023 as the Company has focused on ways to cut costs more consistently.

Wages expense has increased over FY2023.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the nine-month periods ended March 31, 2024 and 2023 (Cont'd)

Marketing and Promotion

	2024	March 31, 2023	Variance
Total M&P expenses	1,859,420	1,129,408	730,011
Consultant costs	1,532,013	637,500	894,513
Investor relations	81,500	130,787	(49,287)
Advertising	-	33,600	(33,600)
Salaries and benefits	160,661	84,337	76,324
Travel costs	85,246	243,184	(157,938)

Investor relations fees in FY2024 have decreased over FY2023 as the Company has put its relationship with Stockhouse on hold and has cut back on other consultants.

Consultant costs are up in the year due to increased sales activities in other areas other than aviation as the Company looks to generate other revenue streams.

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 2023.

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 have increased in this period.

Product Maintenance & Operating costs:

	2024	March 31, 2023	Variance
Total Maintenance expenses	454,109	578,238	(124,129)
Amortization expense	10,575	13,263	(2,688)
Maintenance costs	41,067	18,043	23,024
Travel costs	-	24,864	(24,864)
Wages	402,467	522,067	(119,600)

Maintenance costs have decreased over FY2023. For the nine-month period ending March 31, 2024 total Maintenance costs relate only to the STAR-A.D.S.®.

RESULTS OF OPERATIONS (Cont'd)
Comparison of the nine-month periods ended March 31, 2024 and 2023 (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 March 31, 2024.

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:

	March 31, 2024 (Unaudited)	June 30, 2023 (Audited)
Cash	\$ 198	\$ 198
Accounts receivable	61,424	60,561
Accounts payable	(17,146)	(7,454)
	\$ 44,476	\$ 53,305

Based on the Company's net exposure to US dollar denominated instruments at March 31, 2024 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 \$1,093,433 at March 31, 2024 vs. \$1,047,564 at June 30, 2023. The Company has a working capital deficiency of \$441,430 at March 31, 2024 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 November 2023, the Company completed a Shares for Debt transaction and converted \$254,628 of outstanding debt (the "Debt Conversion") into 6,365,709 units (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. 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. All securities issued in the Offering and any shares issued upon exercise of warrants are subject to a four-month statutory hold period from the date of issuance.

During the period ended March 31, 2023 shareholders exercised a total of 13,000,000 warrants held at a price of \$0.05 per warrant for a total of \$650,000 common shares of the Company

LIQUIDITY AND CAPITAL RESOURCES (Cont'd)

On February 26, 2024, the Company closed a non-brokered private placement of 96,216,666 units in the capital of the Company ("Units") at a purchase price of \$0.015 per Unit for total gross proceeds of \$1,443,250. Each Unit consists of one common share in the capital of the Company and one 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.

All securities issued in the Offering and any shares issued upon exercise of warrants are subject to a four-month statutory hold period from the date of issuance. The net proceeds of the private placement will be used for working capital for further development of the operations, sales and marketing efforts surrounding the Star-A.D.S.® system.

The Company has agreed to pay finder's fees in the amount of ten (10%) percent of the gross proceeds in cash. The price was reserved with the CSE.

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.

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 March 31, 2024, cash flow used by operating activities was (\$3,436,619) as compared to (\$2,469,794) at March 31, 2023.

OFF BALANCE SHEET ARRANGEMENTS

As at March 31, 2024 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	1,254,435,329
Share Purchase Warrants	627,494,868 (exercise price of \$0.05)
Shares to be issued	11,260,700
Stock Options	55,500,000 (exercise price of \$0.05-\$0.08 with expiry dates up to January 15, 2029).

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 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 March 31, 2024 is \$614,079 (June 30, 2023 - \$312,726) and is comprised of the following:

	March 31, 2024 (Unaudited)	June 30, 2023 (Audited)
Due to Directors – (included in Due to Related parties)	\$ 354,000	\$ 183,000
Due to Directors – (included in Accounts payables and accrued liabilities)	150,855	47,502
Due to Committee Chairpersons – (included in Due to Related parties)	69,000	42,000
Due to Former Chief Executive Officer – (Included in Due to Related parties) ⁽ⁱ⁾	40,224	40,224
	\$ 614,079	\$ 312,726

RELATED PARTY TRANSACTIONS

(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 March 31, 2024:

	March 31, 2024			March 31, 2023		
	Officers	Directors	Total	Officers	Directors	Total
	\$	\$	\$	\$	\$	\$
Salaries	406,251	-	406,251	322,502	-	322,502
Directors fees	-	198,000	198,000	-	174,000	174,000
	406,251	198,000	604,251	322,502	174,000	496,502

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

All lawsuits filed on behalf of certain employees by the CNESST (commission on workplace standards, fairness, health and safety) in Quebec, Canada, which resulted in a civil action against the Company and one of its subsidiaries, Star-Isoneo Inc. before the Superior Court in Montreal, Quebec have now been settled and no further litigation remains before the Courts as of the date of this writing.

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.

RISK FACTORS AND RISK MANAGEMENT (Cont'd)

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.

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.

RISK FACTORS AND RISK MANAGEMENT (Cont'd)

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.

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.

RISK FACTORS AND RISK MANAGEMENT (Cont'd)

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 March 31, 2024.