Court File No.: 32-2594575

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF STAR NAVIGATION SYSTEMS GROUP LTD.

RESPONDING MOTION RECORD
(returnable January 8, 2020)

January 7, 2020

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Court File No.: 32-2594575

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Court File No.: 32-2594575

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF STAR NAVIGATION SYSTEMS GROUP LTD.

AFFIDAVIT OF VIRAF KAPADIA

(January 7, 2020)

I, Viraf Kapadia, of the City of Mississauga, Ontario, SOLEMNLY AFFIRM:

1 I am the chief executive officer (**CEO**), a director, a significant shareholder and the largest creditor of Star Navigation Systems Group Ltd. (**Star**), and as such have personal knowledge of the information to which I depose in this affidavit. To the extent that I rely on information provided by others, I state the source of that information and believe it to be true.

Summary

2 Star filed a notice of intention (**NOI**) to file a proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) on December 11, 2019.

3 Star is insolvent and has never operated at a profit since its inception nearly 20 years ago.

4 At the date of filing of the NOI, Star's operations were minimal.

5 I am the principal creditor of Star with at least $2,181,865.09 owing on an unsecured basis and at least $65,223.85 owing on a secured basis.

6 Also at the date of filing of the NOI, shareholders of Star were involved in a public battle for control of the board of directors of Star. That battle is ongoing.

7 Star commenced its NOI proceedings to preserve value for its stakeholders, protect against actions taken by Star's creditors, and provide time for Star to identify the best course of action for its future.

8 On the same day that the NOI was filed, a group of dissident shareholders (the **Dissidents**) purported to hold a special meeting of shareholders (**Meeting**) to replace Star's board of directors, and immediately following the Meeting, the Dissidents stormed the offices of Star, circled me and my daughter and physically prevented us from attending the premises, and purported to terminate me as Star's CEO.

9 Since that day, the Dissidents have retained effective control of Star although an application is to be heard by this Court on January 22, 2020 regarding the validity of the Meeting.

10 The Dissidents have been engaged in a personal vendetta against me for over 10 months. They have threatened my safety and that of my family, repeatedly asserted their desire to challenge any amount owed to me by Star, and their actions in these proceedings since December 11, 2019 have been in furtherance of their stated goal.

11 Since seizing control, the Dissidents have caused Star to take on a substantial amount of debt despite there being no evidence that (i) Star can make a proposal that can be accepted by creditors, or (ii) Star can ever become profitable.

12 The Dissidents appear to have taken these prejudicial actions without any supervision or review by the Proposal Trustee.

13 In the circumstances, I have no confidence that Star can make a viable proposal that will be acceptable to the required majorities of the creditors of Star.

14 Moreover, the actions taken by the Dissidents in the last three weeks have adversely affected the creditors of Star.

15 In my view, a bankruptcy proceeding is the best course of action for the creditors of Star to recover money in respect of their claim, and a trustee in bankruptcy is in the best position to realize on the assets of Star and make distributions to its creditors.

Star's background

16 Star is a publicly-traded company incorporated under the laws of Ontario.

17 Star's business focuses on marketing technology solutions in the aviation industry.

18 I co-founded Star in 2000 and have been its CEO and chair of its board of directors since it was founded.

19 Star's focus has been on the development of technologies in monitoring, feedback and control of all moving vehicles. For the past 20 years, Star has worked diligently to develop new technologies to improve on available product offerings in the market, while using its existing developed products to finance research and development as much as possible.

20 Other sources of funds included capital raised in the public market and funds advanced by me and others.

Star's operations and financial situation

21 As a company focused primarily on research and development, Star has never been profitable from operations:

Period	Revenues	Net Gain (Loss)
2007	$Nil	$(2,771,895)
2008	$83,631	$(3,347,816)
2009	$457,405	$(3,163,592)
2010	$153,849	$(3,411,821)
2011	$98,591	$(3,740,997)
2012	$72,672	$(3,080,938)
2013	$115,717	$(2,919,456)
2014	$53,731	$(3,442,973)
2015	$748,428	$(2,892,483)
2016	$464,364	$(3,319,362)
2017	$413,135	$(1,920,632)
2018	$175,087	$(2,450,058)
Total since 2007	**$2,836,610**	**($36,462,023)**

These figures are all contained in Star's audited financial statements from 2008 to 2018.

22 Star's audited financial statements have also made clear that Star's future as a going concern was uncertain. Below is an extract from Star's 2018 audited financial statements:

> These consolidated financial statements have been prepared using accounting policies applicable to a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they become due. The Company incurred a net loss of $2,505,765 for the year ended June 30, 2018 (June 30, 2017 – $2,052,437), has an accumulated deficit of $57,144,020 (June 30, 2017 - $54,638,255) and has negative working capital of $2,715,645 (June 30, 2017 – $4,603,856). Whether and when the Company can attain profitability and positive cash flows from operations is uncertain. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue operations, meet its obligations and realize its investment in development costs is dependent on the continued support from investors and related parties to finance sales to customers, continue the project development, obtain the necessary certifications from

> regulatory agencies as well as successfully marketing the STAR-ISMS® for gain. These consolidated financial statements do not reflect adjustments in the carrying values of the Company's assets and liabilities, revenues and expenses, and the financial position classifications used, that may be necessary should the Company be unable to continue as a going concern or be unable to realize its assets and discharge its liabilities in the normal course of operations. Such adjustments could be material.

23 A copy of Star's audited financial statements for the period ended June 30, 2018 is attached as **Exhibit A**.

24 The cash flow projection contained in the Proposal Trustee's first report demonstrates the hopelessness of Star's situation. Although I do not agree with all of the projected data, I note that the projection indicates potential sales revenues of $107,575 on the basis of expenses totalling $699,505 for the period between December 20, 2019 and March 13, 2020. The sales figures may not reflect the termination of intellectual property licenses noted below.

25 According to Star's interim financial statements for the period ended March 31, 2019, attached at **Exhibit B**, its assets are worth $1,204,243 and its liabilities are $2,778,573.

26 In order to generate revenues, Star provides monitoring and feedback services to certain clients using patents related to the STAR-ISMS® technology that is licensed to Star by 2283188 Ontario Limited (the **Licensor**), a company that I control, pursuant to a licensing agreement dated December 9, 2011 (the **License Agreement**). A copy of the License Agreement is attached as **Exhibit C**.

27 The STAR-ISMS® technology is one of Star's most significant revenue-generating assets going forward.

28 As consideration for entering into the License Agreement, Star granted the Licensor 2,000,000 common shares and agreed to pay royalties as follows:

(a) 3% of gross revenues (not including taxes) from all sales of airborne in-flight safety monitoring system (**ISMS**) units under a June 22, 2011 supply agreement to which Star was a party (the **ADS Agreement**);

(b) 10% of all service fees under the ADS Agreement in relation to ISMS units; and

(c) 10% of all usage fees under the ADS Agreement in relation to ISMS units.

29 These royalties are due quarterly.

30 On December 8, 2019, the Licensor issued a notice of termination pursuant to the License Agreement. A copy of that notice is attached as **Exhibit D**.

31 On December 11, 2019, the Dissidents purported to hold a special meeting of shareholders in which they elected a new board slate. Following that meeting, the new slate purported to terminate my employment as CEO. The legality and legitimacy of that meeting and what has taken place since that meeting are the subject of an application in this Court returnable January 22, 2020.

Debts owed to me by Star

32 I am owed $2,247,089.09 of the $3,450,064.85 owed by Star as of December 10, 2019.

33 Those debts are largely in respect of deferred salary and interest. For reference, a copy of my most recent employment agreement is attached as **Exhibit E**. In June

2019, the Board of directors agreed to renew that agreement for an additional five years. As described in Star's 2010 audited financial statements, "this amount resulted from salary accrual for the CEO in prior years including certain years salary was not funded due to the economic limitations the Company was experiencing at that time. He also financed the Company at various times when the Company was experiencing funding shortfalls and he deferred repayment until the Company attained stability."

34 Star's 2018 audited financial statements describe those debts as follows in respect of the period ended June 30, 2018:

		2018		2017
Due to Directors	**$**	**48,000**	$	176,000
Due to Committee Chairpersons		**12,000**		26,000
Due to Chief Executive Officer – Viraf Kapadia(i)		**1,706,546**		2,030,309
Due to Chief Operating Officer – Jean-Louis Larmor		**224,924**		248,182
Due to Chief Financial Officer – Randy Koroll		**4,520**		84,752
	$	**1,995,990**	$	2,565,243

(i) $1,644,663 (June 30, 2017 - $1,882,426) of the balance bears interest at 5% per annum; $61,883 (June 30, 2017 - $147,883) of the balance is non-interest bearing. Interest accrued on the loan payable to the CEO for the year ended June 30, 2018 was $86,299 (June 30, 2017 – $85,251).

All amounts are unsecured and are due on demand.

(b) The Company also owes $7,550 (June 30, 2017 - $8,662) in credit card debt that is guaranteed by the CEO and Chairman of the Board in accounts payables and accrued liabilities.

(c) As part of the common shares issued by the Company on the settlement of debt in July 2017 (Note 12(b)), 6,452,262 common shares were issued to the CEO for settlement of debt of $516,181, 1,500,000 common shares were issued to the COO for settlement of debt of $120,000, 913,337 common shares were issued to the CFO for settlement of debt of $84,752 and 2,400,000 common shares were issued to directors and a former director for settlement of debt of $192,000.

35 Attached as **Exhibit F** is an executed letter sent to me by Randy Koroll confirming the debt outstanding.

36 As at March 31, 2019, according to Star's interim financial statements for the period ended on that date, the outstanding debt owed to me by Star totalled $1,797,603.

37 Since the March 31, 2019, I have advanced a number of further amounts to or on behalf of Star, including:

(a) A payment of $5,000 to Adam Siddiqui for engineering contracting work on June 3, 2019;

(b) A payment of $4,000 to Karanjit Singh for engineering contracting work on June 3, 2019;

(c) Payment of Star's corporate Visa account in the amount of $1,055.55 on June 21, 2019;

(d) A payment of $333.35 to Paragon Systems Testing, a Star supplier, on June 25, 2019;

(e) An advance of $40,000 made on July 4, 2019 to cover Star's operating expenses (made from a joint account held with my wife);

(f) Payment of Star's corporate Visa account in the amount of $302 on October 10, 2019;

(g) Payment of Star's corporate Visa account in the amount of $302 on October 21, 2019;

(h) Payment of a supplier fee in the amount of $294 on my personal Visa in October 2019;

(i) An advance of $4,001 to Star to cover Star expenses including D&O insurance premiums on October 31, 2019;

(j) An advance of $9,701 to Star to cover Star's rent for November 2019 made on November 1, 2019;

(k) Advances totalling $1,200 to cover an account shortfall made on November 26, 2019 and December 3, 2019;

(l) An advance of $900 to Star to cover Star expenses on November 29, 2019;

(m) An advance of $3,423 to Star to cover D&O insurance premiums on December 3, 2019;

(n) An advance of $50,000 paid to the Proposal Trustee as a retainer; and

(o) A payment of $87 to cover Star's minimum Visa payment on the corporate card on January 6, 2020.

38 During this period I also continued to work as Star's CEO and continued to defer salary and accrued interest on outstanding debt. For the nine months between April and December 2019 I am owed:

(a) $202,500 in deferred salary, at a rate of $22,500 per month; and

(b) $106,902 in accrued interest on outstanding amounts.

39 Per my employment agreement, I am also entitled to a company car allowance of $1,000 per month. I have not been paid this amount for 18 months, and am therefore owed a further $18,000.

40 In addition, I am owed a further $1,485.19 for expenses incurred personally for a business trip to Delhi in November 2018.

41 A table summarizing these amounts and supporting documentation are attached as **Exhibit G**.

42 I disagree with Mr. Clausi's suggestion in his affidavit that I did not make efforts to prepare for Star's proposal. I spent considerable time and effort in 2019 seeking out new equity investments in order to provide Star capital to continue operations, including on multiple occasions obtaining pricing permission from the CSE to carry out share issuances to raise capital. We obtained those permissions, but ultimately struggled to find new investment; I believe this was due at least in part to the fact that company personnel aligned with the Dissidents had determined to no longer seek out investment. See, for example, the email attached as **Exhibit H** from Roger Peacock dated April 3, 2019 to several individuals, not copying me, in which he says "due to the uncertainty around Viraf's intentions and the fact that we are currently preparing a new Business Plan for presentation to the Board, please immediately stop any presentations or solicitations to warrant holders or other possible avenues of finance."

43 In November 2019, Star's bank account was subject to garnishment by TD Bank. When I investigated the basis for that garnishment, I learned that TD Bank had garnished the account at the direction of Ministry of Finance in respect of unpaid amounts to a former employee pursuant to a settlement. I understood that this matter was previously being dealt with by Mr. Peacock, Mr. Koroll and Jean-Louis Larmor; I was not aware that amounts under the settlement continued to be owing as of November 2019. As a result of the garnishment, Star no longer had the cash to satisfy certain ongoing obligations like insurance premiums.

44 By November 2019, given Star's financial predicament and the escalating conflict with the Dissidents, I was no longer willing to extend further loans to Star on an

unsecured basis. Accordingly, I requested that Star deliver a secured grid note to evidence and secure amounts advanced to Star going forward.

45 The current amount owing under the note is $65,223.85, which reflects amounts that I advanced to Star to fund the NOI process among other things. The security interest created by the promissory note was perfected by the filing of a PPSA financing statement on December 10, 2019. Attached as **Exhibits I** and **J** are the secured grid note and the PPSA financing statement.

No prospect for an acceptable proposal

46 Star has not made or attempted to make a proposal to creditors.

47 By letter dated December 23, 2019, my counsel wrote to Miller Thomson LLP, counsel to the Dissidents and purportedly to Star, and advised that I was seeking to receive terms of a proposal for consideration by no later than January 3, 2020. No terms were received in response to that correspondence, nor did my counsel or I receive any telephone call, information, or other documentation from Star to address that request. A copy of the December 23, 2019 letter is attached as **Exhibit K**.

48 My counsel sent a further letter on January 6, 2020. A copy of that letter is attached as **Exhibit L**. We have still not received a response with any proposal.

49 I have insight into the entire history of Star's affairs from its inception. I know its technologies, products, customers and prospects as well or better than any other person.

50 There is no evidence before this Court to suggest that Star is going to be able to make any proposal to creditors that would provide any incentive to creditors to accept it.

As explained above, Star is not and has never been profitable. There is no evidence that it will ever be profitable. In addition, the Licensor has issued a notice of termination in respect of the intellectual property supporting one of Star's key sources of revenue.

51 I am advised by my counsel that my counsel spoke to the Proposal Trustee on January 6, 2020 and was advised by the Proposal Trustee that the Dissidents had not advised the Proposal Trustee of any plan for the company's affairs going forward.

52 A copy of Star's NOI with creditor list is attached as **Exhibit M**. Star's total debts as of December 10, 2019 were $3,450,064.85 according to the NOI.

53 I own approximately two thirds of Star's debt as of December 10, 2019. Therefore I have an effective veto over any proposal that Star could make.

54 In light of the eroding financial circumstances of Star, the Dissidents' absence of, or refusal to provide, any business plan for Star or terms of a proposal, and the conduct of management towards me and my family, I am not prepared to accept any proposal put forward by Star.

55 In addition to Star's unsalvageable financial position, my belief that no viable proposal can be made in the circumstances is underscored by the conduct of the Dissidents since seizing control of Star, which includes, for example:

(a) No adherence to proper corporate governance: As will be laid out in detail for this Court on the January 22, 2020 application, the Dissidents forcibly seized control of Star following the Meeting in respect of which they: (i) relied on an invalid shareholder requisition that was not signed by at least 5% of Star's shareholders; (ii) purported to replace the incumbent board without removing any of the sitting directors; (iii) distributed forms of proxy to registered shareholders that had the wrong address for the Meeting listed on them; and (iv) engaged in illegal proxy solicitation. The Dissidents' corporate governance track record inspires no confidence that they are capable of administering a publicly traded company;

(b) Pattern of self-dealing: On seizing control of Star, the Dissidents have taken immediate steps to prefer their own interests to Star's detriment. For instance, Barney Lassche caused himself to be appointed Star's vice president of human resources – I am advised by my counsel that my counsel spoke to the Proposal Trustee on January 6, 2020 and was advised by the Proposal Trustee that Mr. Lassche is one of approximately 15 current employees who are due to be paid wages under the current cash flow projections. Star is insolvent; it has far greater problems than appointing a vice president of human resources;

(c) Taking on substantial debt: Since December 18, 2019, the Dissidents have purportedly taken on an additional debt of between $465,000 and $600,000 for Star. This figure is absurd in the circumstances. Star's combined revenues for 2017 and 2018 were less than $600,000. I am extremely concerned that the Dissidents are taking on additional debt in order to dilute my voting power as a Star creditor in the proposal process; and

(d) Cash flow projections do not benefit Star: The cash flow projections do not indicate any plan that will benefit Star moving forward. $117,500 of the total costs projected are legal fees, administrative fees or "other" charges that are not defined. Monthly payroll is stated to be $137,500 even though it is not apparent why such high amounts are necessary for payroll given that Star has minimal operations. Most of this amount is being paid to members of the Dissidents' group who have appointed themselves as employees.

56 The Dissidents could have attempted to maintain the status quo by incurring the minimum necessary level of obligations while attempting to make a sensible proposal. Instead they have appointed themselves to executive positions and taken on $600,000 in new debts with no ostensible purpose or plan for the business.

57 The Dissidents' conduct has had an immediate impact on creditors' interests. Of the $600,000 allegedly to be advanced by shareholders according to the cash flow projection, $400,000 was provided in December 2019, with a further $200,000 or more to follow in January 2020. Extending the period in which to make a proposal will also allow the Dissidents to advance a further $200,000 to Star, as indicated in the cash flow projection. This will only further dilute Star's creditors without any benefit to Star.

58 In the circumstances, I believe that it would be in the interest of all creditors of Star for any recovery to take place in the context of a bankruptcy.

Star could not afford legal counsel

59 I note that Mr. Clausi's affidavit criticizes Star (or me personally) for the fact that Roger Peacock was not involved in the process of filing the NOI.

60 Mr. Peacock was not consulted on the NOI because he was, in his own view, laid off for non-payment at the time Star filed the NOI. Attached as **Exhibit N** is a copy of an email from Mr. Peacock in which he states that he considers himself to have been laid off as of October 1, 2019.

No basis for charge in favour of Proposal Trustee

61 In the Proposal Trustee's First Report, the Proposal Trustee states that it is recommending a $100,000 charge in order to pay Star's legal fees, the Proposal Trustee and the Proposal Trustee's legal counsel, if retained. However, I personally advanced $50,000 (the **Retainer**) for a retainer to engage the Proposal Trustee on behalf of Star in connection with these proceedings. The Proposal Trustee had advised me that this amount would also be sufficient to pay for the fees of a trustee in bankruptcy if a bankruptcy were to occur shortly after the filing of the NOI. Moreover, the cash flow projections reflect an amount of $50,000 through the end of March 2020 for professional fees related to the NOI process.

62 In the circumstances, it is unclear why an Administration Charge is required. If an Administration Charge is necessary, it should not rank ahead of the Retainer.

AFFIRMEDBEFORE ME at the City of Toronto, in the Province of Ontario, on January 7, 2020. A Commissioner for taking Affidavits *(or as may be)*	Viraf Kapadia

This is **Exhibit "A"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January 7, 2020

A Commissioner for Taking Affidavits

Star Navigation Systems Group Ltd.

Consolidated Financial Statements

For the years ended June 30, 2018 and June 30, 2017

(Expressed in Canadian dollars)

DNTW Toronto LLP
Chartered Professional Accountants
Licensed Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Star Navigation Systems Group Ltd.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Star Navigation Systems Group Ltd., which comprise the consolidated statements of financial position as at June 30, 2018 and June 30, 2017, and the consolidated statements of loss and comprehensive loss, changes in deficiency, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Star Navigation Systems Group Ltd. as at June 30, 2018 and June 30, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which indicates that Star Navigation Systems Group Ltd. incurred a net loss of $2,505,765 for the year ended June 30, 2018, has an accumulated deficit of $57,144,020, and has negative working capital of $2,715,645. These conditions, along with other matters set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

DNTW Toronto LLP

October 26, 2018
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

Star Navigation Systems Group Ltd.
Consolidated Statements of Financial Position
As at June 30, 2018 and June 30, 2017
(Expressed in Canadian dollars)

	2018	2017
Assets		
Current		
Cash (Note 9)	$ -	$ 141,891
Accounts receivable	46,062	74,085
Inventory (Note 8)	186,804	153,874
Sales tax recoverable (Note 7)	126,640	45,946
	359,506	415,796
Property and equipment (Note 5)	57,675	79,879
Intangible assets (Note 6)	861	10,607
	$ 418,042	$ 506,282
Liabilities		
Current		
Bank indebtedness (Note 9)	$ 59,956	$ -
Accounts payable and accrued liabilities (Note 10)	660,499	1,313,862
Other payables (Note 11)	196,000	196,000
Loans payable (Note 17)	-	810,005
Deferred revenue	162,706	134,542
Due to related parties (Note 18)	1,995,990	2,565,243
	3,075,151	5,019,652
Shareholders' Deficiency		
Share capital (Note 12)	38,772,715	34,605,977
Shares to be issued (Note 24)	18,750	-
Contributed surplus (Note 13)	15,695,446	15,518,908
Deficit	(57,144,020)	(54,638,255)
	(2,657,109)	(4,513,370)
	$ 418,042	$ 506,282

Nature of Operations and Going Concern (Note 1)

Commitments and Contingencies (Note 19)

Approved by the Board ***"Viraf S. Kapadia"*** ***"Gus Nariman"***

Director *(Signed)* ***Director*** *(Signed)*

Star Navigation Systems Group Ltd.
Consolidated Statements of Loss and Comprehensive Loss
As at June 30, 2018 and June 30, 2017
(Expressed in Canadian dollars)

	2018	2017
Revenue (Note 20)	$ 175,087	$ 413,135
Expenses		
Cost of inventory consumed (Note 8)	52,435	65,692
General and administrative (Note 21)	1,154,600	1,244,306
Research and development (Note 21)	867,617	773,140
Marketing and promotion (Note 21)	541,080	147,128
Foreign exchange loss	9,413	13,197
Stock based compensation (Note 13)	-	49,116
Impairment of inventory (Note 8)	-	41,188
	2,625,145	2,333,767
Loss from Operations	(2,450,058)	(1,920,632)
Other Income (Expenses)		
Gain on settlement of debt (Note 10(b))	30,592	-
Recovery of funds advanced (Note 22)	-	24,500
Interest expense (Note 17 and 18)	(86,299)	(156,305)
	(55,707)	(131,805)
Net Loss and Comprehensive Loss for the year	$ (2,505,765)	$ (2,052,437)
Basic and diluted loss per common share	$ (0.006)	$ (0.005)
Weighted average number of common shares outstanding	442,970,901	391,111,668

Star Navigation Systems Group Ltd.
Consolidated Statements of Changes in Deficiency
As at June 30, 2018 and June 30, 2017
(Expressed in Canadian dollars)

	Number of common shares	Number of Series I preferred shares	Share capital	Contributed surplus	Deficit	Total
Balance at June 30, 2016	**390,894,805**	**615,000**	**$34,078,277**	**$15,469,792**	**$(52,585,818)**	**$(3,037,749)**
Issued for cash on warrants exercised (Note 12(a))	8,795,000	-	527,700	-	-	**527,700**
Stock-based compensation (Note 13)	-	-	-	49,116	-	**49,116**
Loss for the year	-	-	-	-	(2,052,437)	**(2,052,437)**
Balance at June 30, 2017	**399,689,805**	**615,000**	**$34,605,977**	**$15,518,908**	**$(54,638,255)**	**$(4,513,370)**
Issued for settlement of debt (Note 12(b))	27,333,615	-	2,186,690	-	-	**2,186,690**
Issued for cash on private placement (Note 12(c))	4,000,000	-	400,000	-	-	**400,000**
Issued as finder's fees on private placement (Note 12(c))	400,000	-	40,000	-	-	**40,000**
Issued for cash on private placement (Note 12(d))	3,766,667	-	226,000	-	-	**226,000**
Issued as finder's fees on private placement (Note 12(d))	376,667	-	22,600	-	-	**22,600**
Value allocated to warrants as part of private placement (Note 12(c) and 12(d))	-	-	(176,538)	176,538	-	**-**
Issued for services (Note 12(e))	629,571		44,070	-	-	**44,070**
Issued for cash on options exercised (Note 12(f))	4,190,000	-	235,500	-	-	**235,500**
Issued for cash on warrants exercised (Note 12(g))	14,768,671	-	1,251,016	-	-	**1,251,016**
Share issuance costs (Note 12(c) and 12(d))	-	-	(62,600)	-	-	**(62,600)**
Loss for the year	-	-	-	-	(2,505,765)	**(2,505,765)**
Balance at June 30, 2018	**455,154,996**	**615,000**	**$38,772,715**	**$15,695,446**	**$(57,144,020)**	**$(2,675,859)**

Star Navigation Systems Group Ltd.
Consolidated Statements of Cash Flows
As at June 30, 2018 and June 30, 2017
(Expressed in Canadian dollars)

	2018	2017
Cash provided by (used in)		
Operations		
Net loss	**$ (2,505,765)**	$ (2,052,437)
Items not affecting cash		
Depreciation	**30,266**	44,873
Amortization of intangible assets	**9,746**	18,504
Impairment of inventory	**-**	41,188
Stock-based compensation	**-**	49,116
Issuance of common shares for services	**44,070**	-
Accrued interest on loans	**86,299**	148,454
	(2,335,384)	(1,750,302)
Net changes in non-cash working capital		
Accounts receivable	**28,023**	(69,985)
Inventory	**(32,930)**	373
Sales tax recoverable	**(80,694)**	33,827
Accounts payable and accrued liabilities	**(89,797)**	369,690
Deferred revenue	**28,164**	67,247
	(2,482,618)	(1,349,150)
Investing		
Purchase of property and equipment	**(8,062)**	-
Financing		
Repayment of finance lease obligation	**-**	(8,523)
Proceeds from (repayment of) loans payable	**(15,062)**	270,700
Deposit on shares to be issued	**18,750**	-
Due to related parties	**172,629**	760,628
Issuance of common shares (net of share issuance costs)	**2,112,516**	527,700
	2,288,833	1,550,505
Net change in cash (bank indebtedness)	**(201,847)**	201,355
Cash (bank indebtedness), beginning of year	**141,891**	(59,464)
Cash (bank indebtedness), end of year	**$ (59,956)**	$ 141,891
Supplemental Disclosure		
Interest paid	**$ 4,467**	$ 35,337
Issuance of common share units for finder's fees	**62,600**	-
Issuance of common shares for services	**44,070**	-
Issuance of common shares for settlement of debt	**2,186,690**	-

1. NATURE OF OPERATIONS AND GOING CONCERN

Star Navigation Systems Group Ltd. (the "Company") is devoting substantially all of its activity to the development, marketing and promotion of an In-flight Safety Monitoring System ("STAR-ISMS®"), whereby data from an aircraft can be transmitted to ground stations for the duration of a flight. The Company has been granted supplemental type certificates for use of the systems on a Boeing 737, 727, Airbus A321, A320, A340 and a Learjet 45.

The Company was incorporated by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (*Ontario*) in May 2000 and its registered address is located at 300-2970 Lakeshore Blvd W., Toronto, Ontario M8V 1J7. The Company is listed on the Canadian Securities Exchange trading under the symbol of "SNA".

Going Concern

These consolidated financial statements have been prepared using accounting policies applicable to a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they become due. The Company incurred a net loss of $2,505,765 for the year ended June 30, 2018 (June 30, 2017 – $2,052,437), has an accumulated deficit of $57,144,020 (June 30, 2017 - $54,638,255) and has negative working capital of $2,715,645 (June 30, 2017 – $4,603,856). Whether and when the Company can attain profitability and positive cash flows from operations is uncertain. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue operations, meet its obligations and realize its investment in development costs is dependent on the continued support from investors and related parties to finance sales to customers, continue the project development, obtain the necessary certifications from regulatory agencies as well as successfully marketing the STAR-ISMS® for gain. These consolidated financial statements do not reflect adjustments in the carrying values of the Company's assets and liabilities, revenues and expenses, and the financial position classifications used, that may be necessary should the Company be unable to continue as a going concern or be unable to realize its assets and discharge its liabilities in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements for the year ended June 30, 2018 were authorized for issue by the Board of Directors on October 26, 2018.

(b) Basis of Measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value.

2. BASIS OF PRESENTATION (Cont'd)

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency.

(d) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned and controlled operating subsidiaries, Star Navigation Systems Inc. ("Star"), Star Navigation Systems (Quebec) Inc. and Star Navigation Systems (U.K) Ltd. Star Navigation Systems (Quebec) Inc. and Star Navigation Systems (U.K) Ltd. are inactive. The financial statements of its subsidiaries are included in the consolidated statements from the date that control commences until the date that control ceases. All significant inter-company transactions and balances have been eliminated on consolidation. All references to the Company should be treated as references to the Company and its subsidiaries.

(e) Critical Accounting Estimates, Judgments, and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are as follows:

(i) Net realizable value of inventory:

Net realizable value for inventory is determined based on the selling price of the products in the normal course of operations. The selling price is impacted by several factors including, age and condition of the products, technical obsolescence, and market conditions in the customer's industry. Management estimates the selling price of inventory based on first-hand knowledge of the industry and the specific products held in inventory at year-end. These estimates will affect the carrying value of inventory and the amount of cost of goods sold.

(ii) Allowance for doubtful accounts:

Accounts receivable are reviewed for collectability on a weekly basis. Management is required to make judgment whether a receivable balance is collectable based on their relationship with the counterparty and knowledge of the counterparty's financial position. These judgments will affect the reported amount of accounts receivable as well as bad debts expense.

2. BASIS OF PRESENTATION (Cont'd)

(e) Critical Accounting Estimates, Judgments, and Assumptions (Cont'd)

(iii) Useful lives and impairment of property and equipment and intangible assets:

Property and equipment and intangible assets are amortized based on their estimated useful lives, which is the lesser of the economic life or the legal life of the asset. Management reviews the carrying value of these assets annually to determine if all items are still in use or are no longer expected to generate future benefit. These estimates will affect the carrying value of capital assets and intangible assets and the amount of depreciation and impairment expenses.

(iv) Stock-based compensation expense:

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense.

(v) Valuation of warrants:

The Company uses the Black-Scholes option pricing model to calculate the value of warrants issued as part of the Company's private placements. The Black-Scholes model requires six key inputs to determine a value for a warrant: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the warrant or a higher volatility number used would result in an increase in the warrant value.

The significant areas of judgment considered by management in preparing the consolidated financial statements are as follows:

(i) Going concern:

The Company's management has made an assessment of the Company's ability to continue as a going concern and the consolidated financial statements continue to be prepared on a going concern basis. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(ii) Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

3. SIGNIFICANT ACCOUNTING POLICIES

Inventory

The Company's inventory consists of STAR-ISMS® units and STAR-MMI parts inventory. Parts and components inventory is valued at the lower of cost and replacement cost. Finished goods are valued at the lower of cost or net realizable value. Cost is determined using the weighted average cost method and includes the cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided at rates designed to amortize the cost of the assets over their estimated useful lives as follows:

Leasehold improvements	- 5 years, straight-line
Furniture	- 20% per annum, declining balance
Computer equipment and software	- 50% per annum, declining balance
Computer equipment under finance lease	- 50% per annum, declining balance
Equipment	- 30% per annum, declining balance

Intangible Assets

(a) **License Rights**

The Company owns the exclusive, worldwide license to the patented technology upon which its STAR-ISMS® product is based. Payment in full in respect of the purchase of the license rights has been made. Ongoing costs represent out-of-pocket costs for various license applications and processing. Costs directly attributable to the license rights are amortized on a straight-line basis over the estimated useful life of 5 years. Costs of renewals of licenses in foreign jurisdictions are amortized over the period of renewal.

(b) **Patents**

Costs directly related to the Company's patents have been capitalized and are being amortized on a straight-line basis over their estimated useful life of 7 years.

(c) **Website Costs**

Costs directly related to the Company's website design have been capitalized and are being amortized on a straight-line basis over their estimated useful life of 3 years.

(d) **GUI System**

The GUI system will allow STAR-ISMS® customers to view the airline flights and receive end of flight reports. This product was not 100% complete at June 30, 2018, therefore no amortization was taken in 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Intangible Assets (Cont'd)

(e) **STAR-ISMS® and Peripherals**

Costs related to the STAR-ISMS® and Peripherals that are capitalized, are amortized on a straight-line basis over their estimated useful life of 3 years.

Research and Development Expenditures

Research and development expenses represent costs incurred for development and certification of the Company's STAR-ISMS® and its peripherals. Research costs are expensed as incurred. Expenditures during the development phase are capitalized to intangible assets if the Company can demonstrate all of the following criteria: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) its intention to complete the intangible asset and use or sell it, (iii) its ability to use or sell the intangible asset, (iv) how the intangible asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development; otherwise, they are expensed as incurred.

Finance Leases

Lease agreements that effectively transfer substantially all the risks and rewards of ownership of the leased assets to the Company are classified as finance leases. Assets held under finance leases are initially recognized at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly as an expense. Finance leased assets are reported under the relevant asset categories, with recognition of a corresponding financial liability. They are depreciated on a 50% declining balance basis over the shorter of their estimated useful life or the term of the agreement.

Operating Leases

Lease agreements that do not meet the recognition criteria of a finance lease are classified and recognized as operating leases. Payments made under operating leases are expensed on a straight-line basis over the term of the related lease agreement.

Provisions

A provision is recognized on the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition

Revenue from repairs and maintenance of STAR-MMI flat panel displays units are recognized when the unit has been repaired and shipped to the customer. During the year ended June 30, 2018, $137,827 (2017 - $336,698) of total revenue related to this revenue stream. See Note 20 for discussion on customer dependency. The Company recognizes revenue at the time persuasive evidence of an arrangement exists, the price is fixed and determinable, the delivery has occurred, and collectability is reasonably assured. Revenues from the sale of the Company's STAR-ISMS® are recognized when the installation of the system is complete, defined to be when the related equipment has been installed in a customer's aircraft or transportation vehicle, tested and accepted by the customer, and has received the necessary regulatory approvals. Installations are generally conducted by customers under the Company's management and supervision. In the event the customer chooses to manage the installation without the Company's supervision, revenues are recognized when the product is delivered to the customer.

Revenues from airtime services are recognized as the services are performed based on air time used by the customer. The customer is billed at the end of each month.

In the event that the Company's STAR-ISMS® and airtime are sold as a bundled package, the Company enters into transactions that represent multiple-element arrangements. These multiple-element arrangements are assessed to determine whether they can be sold separately in order to determine if they can be treated as more than one unit of accounting or element for the purpose of revenue recognition. When there are multiple elements or units of accounting in an arrangement, the arrangement consideration is allocated to the separate units of accounting or elements on a relative fair value basis, as determined by reliable objective evidence of fair value. Objective evidence of fair value is based on the price charged when the elements are sold separately, which is in accordance with the Company's standard price list. If elements cannot be sold separately, revenue recognition is deferred until all elements have been delivered.

Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the period 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 period in which they occur.

Share Capital

Common shares and preferred shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity. When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from total equity.

Loss Per Share

Basic loss per share is calculated by dividing the net loss available to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise share options and warrants issued by the Company. The outstanding share options and warrants are not included in the diluted net loss per common share as they are anti-dilutive for all periods presented.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Stock-Based Compensation and Other Stock-Based Payments

The Company applies a fair value based method of accounting to all stock-based payments. Accordingly, stock-based payments for employees are measured at the fair value of the equity instruments issued and stock-based payments for non-employees are measured at the fair value of the goods or services received, unless the fair value cannot be estimated reliably. In cases where the fair value cannot be estimated reliably, the Company measures these transactions by reference to the fair value of the equity instruments granted. Each tranche is considered a separate award with its own vesting period and fair value. Stock-based compensation is charged to the statement of comprehensive loss over the tranche's vesting period and the offset is credited to contributed surplus. Consideration received upon the exercise of stock options is credited to share capital and the related contributed surplus is transferred to share capital.

Warrants

For transactions involving the issuance of warrants, the Company measures these transactions at the fair value of the goods or services received, unless the fair value cannot be estimated reliably. In cases where the fair value cannot be estimated reliably, the Company measures these transactions by reference to the fair value of the equity instruments granted. In the case of unit placements, the proceeds from the issuance of units is allocated between common shares and warrants on a pro-rata basis based on relative fair values. Share issuance costs incurred in connection with the issuance of share capital are netted against the proceeds received.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except for items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in net earnings in the year of change.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

(a) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

(b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

Financial liabilities are classified into one of two categories:

(a) Fair value through profit or loss ("FVTPL")

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

(b) Other financial liabilities

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. Financial liabilities classified as other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Transaction costs associated with other financial liabilities are included in the initial carrying amount of the liabilities.

The Company has classified its financial assets and liabilities as follows:

Financial Instrument	Classification
Cash	FVTPL
Accounts receivable	Loans and receivables
Bank indebtedness	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities
Loans payable	Other financial liabilities
Due to related parties	Other financial liabilities
Other payables	Other financial liabilities

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Fair Value Hierarchy

The Company has a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Company's financial instruments. The hierarchy of inputs is summarized below:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions for the assets occur with sufficient frequency and volume to provide pricing information on an ongoing basis;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data.

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The Company's only financial instruments measured at fair value are cash and bank indebtedness. These instruments are categorized in Level 1.

Impairment

(a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the statement of comprehensive loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the statement of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment (Cont'd)

(b) Non-financial assets

Impairment tests on intangible assets with indefinite useful economic lives and intangible assets with definite useful lives that have not been put into use yet are undertaken annually at the financial year-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of its value in use and fair value less costs of disposal, the asset is written down to its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss in respect of other assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Changes in Accounting Policies

Effective July 1, 2017, the Company has adopted amendments to IAS 7, *Statement of Cash Flows* ("IAS 7"). These changes were made in accordance with the applicable transitional provisions for which there was no impact on the Company's consolidated financial statements for the year ended June 30, 2018.

Effective July 1, 2017, the Company has adopted amendments to IAS 12, *Income Taxes* ("IAS 12"). These changes were made in accordance with the applicable transitional provisions for which there was no impact on the Company's consolidated financial statements for the year ended June 30, 2018.

4. RECENT ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET APPLIED

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after June 30, 2018 or later periods. Many are not applicable or do not have a significant impact to the Company. The following have not yet been adopted and are being evaluated to determine the resultant impact on the Company.

Financial Instruments: Disclosure – IFRS 7

IFRS 7, *Financial instruments: Disclosure* ("IFRS 7"), was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company intends to adopt the amendments to IFRS 7 on July 1, 2018 and does not expect the implementation will result in a significant effect to the consolidated financial statements.

4. RECENT ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET APPLIED (Cont'd)

Financial Instruments - IFRS 9

IFRS 9, *Financial Instruments* ("IFRS 9"), was issued by the International Accounting Standards Board ("IASB") in July 2014 and will replace IAS 39, *Financial Instruments: Recognition and Measurement.* IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. The Company will adopt IFRS 9 effective July 1, 2018. The Company has completed its assessment of the impact of this new standard and expects no significant changes as a result of this or elsewhere in the application of the new standard.

Revenue from Contracts with Customers – IFRS 15

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. The Company will adopt IFRS 15 effective July 1, 2018. The Company has completed is assessment of the impact of this new standard and has noted beyond the required additional disclosures, there exist no material changes to the consolidated financial statements or required retroactive adjustments.

Leases – IFRS 16

IFRS 16, *Leases* ('IFRS 16"), replaces IAS 17, *Leases* ("IAS 17"). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company is still evaluating the impact of the adoption of IFRS 16.

Share-based Payments – IFRS 2

IFRS 2, *Share-based Payments* ("IFRS 2"), - In June 2017, the IASB issued final amendments to IFRS 2, which clarifies how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: (i) the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to the terms and conditions of a share based payment that changes the classifications of the transaction from cash-settled to equity settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company intends to adopt the amendments to IFRS 2 on July 1, 2018 and does not expect the implementation will result in a significant effect to the consolidated financial statements.

(Expressed in Canadian dollars)

5. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Furniture and Equipment	Computer Equipment and Software	Computer Equipment under Finance Lease	**Total**
Cost					
Balance at June 30, 2016	$ 84,626	$ 275,630	$ 151,422	$ 318,795	$ 830,473
Additions	-	-	-	-	-
Balance at June 30, 2017	$ 84,626	$ 275,630	$ 151,422	$ 318,795	$ 830,473
Additions	-	3,192	4,870	-	8,062
Balance at June 30, 2018	**$ 84,626**	**$ 278,822**	**$ 156,292**	**$ 318,795**	**$ 838,535**
Accumulated Depreciation					
Balance at June 30, 2016	$ 84,626	$ 196,359	$ 149,033	$275,703	$705,721
Amortization for the year	-	22,132	1,195	21,546	44,873
Balance at June 30, 2017	$ 84,626	$ 218,491	$ 150,228	$ 297,249	$ 750,594
Amortization for the year	-	16,461	3,032	10,773	30,266
Balance at June 30, 2018	**$ 84,626**	**$ 234,952**	**$ 153,260**	**$ 308,022**	**$ 780,860**
Carrying Amounts					
As at June 30, 2017	$ -	$ 57,139	$ 1,194	$ 21,546	$ 79,879
As at June 30, 2018	**$ -**	**$ 43,870**	**$ 3,032**	**$ 10,773**	**$ 57,675**

(Expressed in Canadian dollars)

6. INTANGIBLE ASSETS

Cost	License Rights [(a)]	STAR-MMI Technology and Patents[(b)]	Website Costs	GUI System	STAR-ISMS ® and Peripherals	Total
Balance at June 30, 2016	$ 136,146	$ 908,726	$ 25,037	$ 264,810	$ 619,498	$ 1,954,217
Additions	-	-	-	-	-	-
Balance at June 30, 2017	$ 136,146	$ 908,726	$ 25,037	$ 264,810	$ 619,498	$ 1,954,217
Additions	-	-	-	-	-	-
Balance at June 30, 2018	**$ 136,146**	**$ 908,726**	**$ 25,037**	**$ 264,810**	**$ 619,498**	**$ 1,954,217**
Accumulated Amortization and Impairment						
Balance at June 30, 2016	$ 133,284	$ 908,726	$ 25,037	$ 264,810	$ 593,249	$ 1,925,106
Amortization for year	1,000	-	-	-	17,504	18,504
Impairment	-	-	-	-	-	-
Balance at June 30, 2017	$ 134,284	$ 908,726	$ 25,037	$ 264,810	$ 610,753	$ 1,943,610
Amortization for year	1,001	-	-	-	8,745	9,746
Balance at June 30, 2018	**$ 135,285**	**$ 908,726**	**$ 25,037**	**$ 264,810**	**$ 619,498**	**$ 1,953,356**
Carrying Amounts						
As at June 30, 2017	$ 1,862	$ -	$ -	$ -	$ 8,745	$ 10,607
As at June 30, 2018	**$ 861**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 861**

(a) In 2002, the Company acquired the license rights to the STAR-ISMS® from a director and a former director of the Company. The underlying patents are now owned by the CEO and director of the Company (see Note 18). The Company owns the exclusive, worldwide license for the lifetime of the patents.

(Expressed in Canadian dollars)

7. SALES TAX RECOVERABLE

Sales tax recoverable is due from the Government of Canada in relation to Harmonized Sales Tax refunds, which as at June 30, 2018 amounted to $126,640 (June 30, 2017 - $45,946).

8. INVENTORY

Inventory is comprised of the following:

		2018		2017
Finished goods – STAR-ISMS®	$	**85,000**	$	35,000
Parts and components – STAR-ISMS®		**50,776**		76,602
Parts and components – STAR-MMI		**51,028**		42,272
	$	**186,804**	$	153,874

For the year ended June 30, 2018, the cost of inventory consumed in connection with revenue recognized was $52,435 (June 30, 2017 – $65,692).

For the year ended June 30, 2018, the write-down of inventory to net realizable value amounted to $Nil (June 30, 2017 – $41,188). There were no reversals of previously recorded write-downs for the years ended June 30, 2018 and 2017.

9. BANK CREDIT FACILITY

The Company utilizes a revolving line of credit ("LOC") from The Toronto-Dominion Bank to pvide working capital flexibility. The LOC is available up to a maximum of $50,000, which has been fully utilized as at June 30, 2018 and 2017. The LOC is presented on a net basis in cash on the statements of financial position.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2018		2017
Trade payables	$	**270,671**	$	664,847
Accrued liabilities [(a)]		**389,828**		649,015
	$	**660,499**	$	1,313,862

(a) Included in accrued liabilities are payroll remittance arrears owing to the Canada Revenue Agency ("CRA") totaling $221,068 (June 30, 2017 - $430,830).

(b) During the year ended June 30, 2018, the Company settled trade payables with a fair value of $82,592 for cash payments totaling $52,000, resulting in a gain on settlement of debt of $30,592.

11. OTHER PAYABLES

Other payables include amounts due to a former employee of the Company with respect to unpaid compensation.

(Expressed in Canadian dollars)

12. SHARE CAPITAL

Authorized

615,000	Series I First Preferred Shares, non-voting, entitled to non-cumulative dividends at a rate of 7% in priority to common shares, redeemable at $1.00 at the option of the Company and have no par value.
350,000	Series II First Preferred Shares, non-voting, entitled to cumulative dividends at 9% per annum in priority to common shares and exchangeable for common shares at the rates of 5 common shares, 3.33 common shares and 2.5 common shares for each Series II Preferred Share in each of the first, second and third years after issue respectively. These shares have no par value and are redeemable at $1.00 per share at the option of the Company.
Unlimited	common shares, no par value.

Share Capital Activity

(a) In June 2017, 8,795,000 warrants to purchase common shares of the Company were exercised at a price of $0.06 per common share, resulting in proceeds to the Company of $527,700.

(b) In July 2017, the Company issued 27,335,615 common shares of the Company at a price of $0.08 per share in settlement of $563,566 of trade payables, $794,943 of loans payable and $828,181 of amounts due to related parties being the fair market value of the debt at the time of settlement.

(c) On January 11, 2018, the Company closed a non-brokered private placement, having issued 4,000,000 units of the Company (the "Units") at a price per Unit of $0.10 for gross proceeds of $400,000. Each Unit consists of one common share in the capital of the Company and one warrant. Each warrant entitles the holder to purchase one (1) additional common share of the Company at fifteen ($0.15) cents per warrant exercised. The warrants are exercisable during the one (1) year period from the date of issue. In addition, the Company has agreed to pay finder's fees in the amount of 400,000 Units valued at $40,000.

(d) On April 27, 2018, the Company closed a non-brokered private placement, having issued 3,766,667 units of the Company (the "Units") at a price per Unit of $0.06 for gross proceeds of $226,000. Each Unit consists of one common share in the capital of the Company and one warrant. Each warrant entitles the holder to purchase one (1) additional common share of the Company at seven ($0.07) cents per warrant exercised. The warrants are exercisable during the one (1) year period from the date of issue. In addition, the Company has agreed to pay finder's fees in the amount of 376,667 Units valued at $22,600.

(e) During the year ended June 30, 2018, the Company issued a total of 629,571 common shares valued at $44,070, to a consultant of the Company for services rendered.

(f) During the year ended June 30, 2018, 4,190,000 options to purchase common shares of the Company were exercised at prices of $0.05-$0.10 per common share, resulting in proceeds to the Company of $235,500.

(g) During the year ended June 30, 2018, 14,768,671 warrants to purchase common shares of the Company were exercised at prices of $0.06-$0.12 per common share, resulting in proceeds to the Company of $1,251,016.

(Expressed in Canadian dollars)

13. CONTRIBUTED SURPLUS, STOCK-BASED COMPENSATION AND WARRANTS

Stock-Based Compensation

The Company has a Stock Option Plan (the "Plan") for employees, officers, directors and consultants performing special technical or other services of the Company ("Optionees"). During 2010, the Company amended the Plan whereby the number of common shares to be issued under the Plan is not to exceed 30,000,000 common shares. The designation of Optionees, amount and vesting provisions of awards under the Plan are determined by the Board of Directors.

Stock Option Transactions	Number	Exercise Price	Weighted Average Exercise Price
Balance at June 30, 2016	**10,672,900**		**$0.10**
Options granted	1,620,000	$0.05	$0.05
Options expired	(2,795,000)	$0.06-$0.20	$0.11
Balance at June 30, 2017	**9,497,900**		**$0.09**
Options exercised	(4,190,000)	$0.05-$0.07	$0.06
Options expired	(2,412,900)	$0.07-$0.15	$0.13
Balance at June 30, 2018	**2,895,000**		**$0.05**
Exercisable at June 30, 2018	**2,895,000**		**$0.05**

The fair value of the options issued is determined using the Black-Scholes model for pricing options under the following weighted average assumptions

	2018	2017
Expected dividend yield	-	**Nil**
Risk free interest rate	-	**0.74%**
Expected volatility	-	**91%**
Expected life	-	**4.36 years**
Share price	-	**$0.03**

Expected volatility is based on the average historical volatility over the life of the option on the Company's share price.

On October 21, 2016, the Company granted 1,620,000 stock options with an exercise price of $0.05. The options expire on March 1, 2021 and will vest in their entirety after 4 months from the grant date. The fair value of each of these options was determined to be $0.0171.

(Expressed in Canadian dollars)

13. CONTRIBUTED SURPLUS, STOCK-BASED COMPENSATION AND WARRANTS (Cont'd)

Stock-Based Compensation (Cont'd)

As at June 30, 2018 the Company had stock options issued to directors, officers, employees and key consultants of the Company outstanding as follows:

Date of Grant	Options Granted	Options Exercisable	Exercise Price	Expiry Date
January 30, 2014	25,000	25,000	$0.07	December 15, 2018
March 31, 2016	1,850,000	1,850,000	$0.05	March 1, 2021
October 21, 2016	1,020,000	1,020,000	$0.05	March 1, 2021
	2,895,000	**2,895,000**		

The weighted average remaining contractual life of the outstanding options is 1.07 years (June 30, 2017 – 1.96 years).

Warrants

	Number	Weighted-Average Exercise Price	Expiry Date
Balance at June 30, 2016	**165,839,971**	**$0.12**	
Exercised	(8,795,000)	$0.06	September 11, 2017
Expired	(31,700,000)	$0.09	November 17, 2016 - February 27, 2017
Balance at June 30, 2017	**125,344,971**	**$0.09**	
Exercised	(14,768,671)	$0.03	July 25, 2017- April 15, 2019
Issued	8,543,334	$0.11	January 11, 2019 - April 27, 2019
Expired	(44,037,458)	$0.11	July 25, 2017- May 15, ,2018
Balance at June 30, 2018	**75,082,176**	**$0.01**	

(Expressed in Canadian dollars)

13. CONTRIBUTED SURPLUS, STOCK-BASED COMPENSATION AND WARRANTS (Cont'd)

Warrants (Cont'd)

As at June 30, 2018, the Company had warrants issued and outstanding as follows:

Date of Issue	Warrants Issued	Exercise Price	Expiry Date
October 18, 2013	11,250,000	$0.08	October 18, 2018
April 15, 2014	23,146,596	$0.08	April 15, 2019
April 15, 2016	32,142,246	$0.07	April 15, 2019
January 11, 2018	4,400,000	$0.15	January 11, 2019
April 27, 2018	4,143,334	$0.07	April 27, 2019
	75,082,176		

The fair value of the warrants issued is determined using the Black-Scholes model for pricing options under the following weighted average assumptions.

	2018	2017
Expected dividend yield	**Nil**	-
Risk free interest rate	**1.73-1.90%**	-
Expected volatility	**126-149%**	-
Expected life	**1.0 years**	-
Share price	**$0.055-$0.085**	-

Expected volatility is based on historical data.

Basic and diluted loss per common share based on net loss for the years ended June 30;

Numerator:	**2018**	2017
Net loss for the year	**$(2,505,765)**	$(2,052,437)
Denominator:		
Weighted average number of common shares outstanding - basic	**442,970,901**	391,111,668
Weighted average effect of diluted stock options and warrants	**-**	-
Weighted average number of common shares outstanding - diluted	**442,970,901**	391,111,668
Loss per common share based on net loss for the year:		
Basic	**$ (0.006)**	$(0.005)
Diluted	**$ (0.006)**	$(0.005)

(Expressed in Canadian dollars)

13. CONTRIBUTED SURPLUS, STOCK-BASED COMPENSATION AND WARRANTS (Cont'd)

Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options and warrants were exercised as at June 30:

	2018	2017
Common shares outstanding	455,154,996	399,689,805
Warrants to purchase common shares	75,082,176	125,344,971
Stock options to purchase common shares	2,895,000	9,497,900
Fully diluted common shares outstanding	533,132,172	534,532,676

14. INCOME TAXES

(a) Income Tax Expense

Income tax expense differs from the amounts computed by applying the combined federal and provincial statutory tax rates as a result of the following:

	2018	2017
	$	$
Loss before income taxes	(2,505,765)	(2,052,437)
Statutory rate	26.5%	26.5%
Income tax provision at statutory rate	(664,000)	(543,900)
Effect of income of:		
Non-deductible expense	1,200	23,500
Share issuance costs	(16,600)	-
Non-capital losses expired	-	-
Adjustment to non-capital losses and other assets	-	-
Changes in deferred taxes not recognized	679,400	520,400
Provision for income taxes	-	-

(b) Significant components of the income tax expense for the years ended June 30 are as follows:

	2018	2017
	$	$
Current income tax expense	-	-
	-	-
Deferred taxes		
Income taxes – origination and reversal of temporary differences	(679,400)	(520,400)
Relating to unrecognized temporary differences	679,400	520,400
Share issuance costs	-	-
Income tax expense	-	-

(Expressed in Canadian dollars)

14. INCOME TAXES (Cont'd)

(c) Deferred Income Taxes

The following deferred tax assets are not recognized in the consolidated financial statements due to the unpredictability of future income:

	2018	2017
	$	$
Non-capital losses carried forward	6,843,100	6,197,300
Equipment, intangibles and other assets	708,000	536,900
Share issue costs	14,800	3,400
	7,565,900	6,737,400

The Company estimates that it will have approximately $25,824,000 of non-capital losses carried forward which may be utilized to reduce Canadian taxable income in future years. To the extent they are not utilized, the non-capital losses carried forward expire as follows:

	$
2027	238,000
2028	2,611,000
2029	2,097,000
2030	3,678,000
2031	2,119,000
2032	1,730,000
2033	1,504,000
2034	2,927,000
2035	2,557,000
2036	2,014,000
2037	1,912,000
2038	2,437,000
	25,824,000

15. MANAGEMENT OF CAPITAL

The Company considers its capital to include all components of equity which amounts to a deficit of $2,657,109 at June 30, 2018 (June 30, 2017 – $4,513,370) and is comprised of issued share capital, contributed surplus and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to develop, market and promote its STAR-ISMS® technology and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended June 30, 2018. The Company manages capital by obtaining loans from private investors and through the issuance of shares from private placements.

16. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency risk and interest rate risk), fair value risk, credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Market Risk

(i) Currency risk:

Currency risk is the risk that fluctuations in the rates of exchange on foreign currency would impact the Company's future cash flows. The Company is exposed to foreign exchange risk from various currencies, primarily US dollars. Foreign exchange risk arises from significant sales and purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

The Company's main objective in managing its foreign exchange is to maintain US cash on hand to support US forecasted cash flows over a 12-month horizon. To achieve this objective the Company monitors forecasted cash flows in foreign currencies and attempts to mitigate the risk by modifying the currency of cash held.

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

		2018		2017
Cash	**$**	**829**	$	30,465
Accounts receivable		**26,562**		33,467
Accounts payable		**(56,074)**		(56,074)
	$	**(28,683)**	$	7,858

Based on the Company's net exposure to US denominated instruments at June 30, 2018 and June 30, 2017, a sensitivity analysis has not been presented as the impact to profit and loss would be immaterial.

(ii) Interest rate risk:

Interest rate risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Company's debt is at fixed rates and due in the short term. Accordingly, there is limited exposure to cash flow or price interest rate risk.

(b) Credit Risk

The Company does not believe it is exposed to any significant concentration of credit risk. However, as disclosed in Note 20, the Company earns a significant amount of revenue from a few customers. As at June 30, 2018, approximately $6,726 (June 30, 2017 - $Nil) of the Company's receivables were past due the average credit period of 90 days. As at June 30, 2018, the Company's allowance for doubtful accounts was $Nil (June 30, 2017 - $Nil) and bad debts expense amounted to a recovery of $2,515 (June 30, 2017 – expense of $4,100).

(Expressed in Canadian dollars)

16. FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at June 30, 2018, the Company has current liabilities of $3,075,151 (June 30, 2017 - $5,019,652) due within 12 months and bank indebtedness of $59,956 (June 30, 2017 – cash of $141,891). As at June 30, 2018, the Company has a working capital deficiency of $2,715,645 (June 30, 2017 - $4,603,856) and accordingly, the Company is subject to significant liquidity risk. Management will continue to raise capital to develop, market and promote its STAR-ISMS® technology and to maintain its operations. See Note 1 for going concern.

There have been no changes for the Company's risk management policies for market risk, credit risk, and liquidity risk since June 30, 2017.

17. LOANS PAYABLE

	2018	2017
(a) Synchronicity Financial	$ -	$ 294,243
(b) Karl Reichert	-	345,062
(c) 1286964 Ontario Inc.	-	170,700
Balance at June 30, 2018	$ -	$ 810,005

(a) During the year ended June 30, 2016, the Company entered into a loan agreement with a private investor to borrow $200,000. The loan was unsecured, bore interest a rate of 18% per annum calculated monthly not in advance, and was due on demand. Accrued interest on the loan at June 30, 2018 was $Nil (June 30, 2017 - $94,243). The loan was repaid in full when it was converted to common shares of the Company in July 2017 in a share for debt exchange. See Note 12(b).

(b) During the year ended June 30, 2017, the Company entered into a loan agreement with a private investor to initially borrow $230,000. Additional funds were subsequently advanced prior to June 30, 2017 bringing the total outstanding principal owed to $330,000. Interest was charged at 8% per annum on the $230,000 advanced and 12% per annum on the remaining $100,000 advanced. The loan was unsecured with no fixed terms of repayment. Accrued interest on the loan at June 30, 2018 was $Nil (June 30, 2017 - $15,062). The loan was repaid in full, including accrued interest, when it was converted to common shares of the Company in July 2017 in a share for debt exchange. See Note 12(b).

(c) During the year ended June 30, 2017, the Company entered into a loan agreement with a private investor to borrow $170,700. The loan was unsecured, non-interest-bearing with no fixed terms of repayment. The loan was repaid in full when it was converted to common shares of the Company in July 2017 in a share for debt exchange. See Note 12(b).

(Expressed in Canadian dollars)

18. RELATED PARTY TRANSACTIONS

The Company has accrued and carries a significant balance on its consolidated financial statements of amounts due to related parties. The amounts represent compensation accrued with respect to salary compensation for its officers, monthly compensation accrued for its directors and committee chairpersons that have accumulated over the past several years.

The Company has an exclusive license agreement in place with a company owned and controlled by its CEO and Chairman of the Board regarding the use of patents related to the STAR-ISMS® technology. There were no license payments made or required to be made for the years ended June 30, 2018 and June 30, 2017.

The Company has an employment agreement in place with the CEO and Chairman of the Board regarding royalties to be paid upon future sales of the Company's STAR-ISMS® technology products which becomes effective under certain conditions on the termination of the CEO from the Company (Note 19(b)).

(a) Amounts due to related parties at June 30, 2018 is $1,995,990 (June 30, 2017 - $2,565,243) and is comprised of the following:

	2018	2017
Due to Directors	$ **48,000**	$ 176,000
Due to Committee Chairpersons	**12,000**	26,000
Due to Chief Executive Officer – Viraf Kapadia(i)	**1,706,546**	2,030,309
Due to Chief Operating Officer – Jean-Louis Larmor	**224,924**	248,182
Due to Chief Financial Officer – Randy Koroll	**4,520**	84,752
	$ **1,995,990**	$ 2,565,243

(i) $1,644,663 (June 30, 2017 - $1,882,426) of the balance bears interest at 5% per annum; $61,883 (June 30, 2017 - $147,883) of the balance is non-interest bearing. Interest accrued on the loan payable to the CEO for the year ended June 30, 2018 was $86,299 (June 30, 2017 – $85,251).

All amounts are unsecured and are due on demand.

(b) The Company also owes $7,550 (June 30, 2017 - $8,662) in credit card debt that is guaranteed by the CEO and Chairman of the Board in accounts payables and accrued liabilities.

(c) As part of the common shares issued by the Company on the settlement of debt in July 2017 (Note 12(b)), 6,452,262 common shares were issued to the CEO for settlement of debt of $516,181, 1,500,000 common shares were issued to the COO for settlement of debt of $120,000, 913,337 common shares were issued to the CFO for settlement of debt of $84,752 and 2,400,000 common shares were issued to directors and a former director for settlement of debt of $192,000.

(Expressed in Canadian dollars)

18. RELATED PARTY TRANSACTIONS (Cont'd)

(d) Compensation to key management personnel, directors and committee chairpersons included in general and administrative expenses in the consolidated statement of comprehensive loss was as follows for the years ended June 30:

	2018	2017
Chief Executive Officer	**$ 236,250**	$ 270,000
Chief Operating Officer	**186,000**	186,000
Chief Financial Officer	**26,650**	86,520
Board of Director fees	**48,000**	57,000
Committee Chairperson fees	**21,000**	28,947
Stock based compensation expense	**-**	17,197
Total at June 30, 2018	**$ 517,900**	$ 645,664

19. COMMITMENTS AND CONTINGENCIES

(a) The Company is committed to leases of its premises. Minimum lease payments for successive years are as follows:

Item	2019	2020	2021	2022	2023	Total
Premises	$ 99,000	$130,500	$ 167,188	$194,346	$196,066	$787,100

(b) The Company has an employment agreement with its Chief Executive Office and Chairman of the Board that will pay a royalty of 3% on gross sales of any STAR-ISMS® units that occur after the Termination Event as defined below. Termination Event includes the following; a) resignation within two years following a change of control and b) termination within two years following a change of control, other than termination for cause or death.

20. SIGNIFICANT CUSTOMER

During the year ended June 30, 2018, 44% (June 30, 2017 – 64%) of the revenue was generated from one customer. During the year ended June 30, 2018, 44% (June 30, 2017 – 64%) of the revenue recognized during the year was generated from customers located in Japan (June 30, 2017 – United States). During the year ended June 30, 2018, 79% (June 30, 2017 – 84%) of revenue earned is from repairs and maintenance services on STAR-MMI flat panel displays units.

(Expressed in Canadian dollars)

21. EXPENSE DISCLOSURES

General and Administrative	2018	2017
Accounting fees	**$ 26,650**	$ 86,520
Bank charges and interest	**10,242**	42,203
Board and committee fees	**69,000**	85,946
Insurance	**66,106**	93,442
Office and general	**99,679**	92,687
Filing and other fees	**79,013**	27,320
Professional fees	**36,759**	70,817
Rent	**144,000**	192,722
Wages	**623,151**	552,649
Total G&A expenses	**$ 1,154,600**	$ 1,244,306

Research and Development		
Amortization expense	**$ 40,012**	$ 63,377
IT costs	**-**	10,500
Research and development costs	**207,379**	95,955
Travel costs	**10,144**	5,167
Wages	**610,082**	598,141
Total R&D expenses	**$ 867,617**	$ 773,140

Marketing and Promotion		
Consultant costs	**$ 384,315**	$ 96,500
Investor relations	**104,070**	43,665
Travel costs	**52,695**	6,963
Total M&P expenses	**$ 541,080**	$ 147,128

22. RECOVERY OF FUNDS ADVANCED

In fiscal 2014, an advance of $40,000 made by the Company to Les technologies LUXELL Limited was written off as uncollectible. On October 1, 2016, the Company received $24,500 on full and final settlement of the amount advanced.

23. SEGMENT INFORMATION

The Company operates in a single segment, consisting of the development, marketing, and sale of in-flight safety monitoring systems, whereby data from an aircraft can be transmitted to ground stations for the duration of a flight. This segment operates entirely in Canada. All revenues are earned by this segment, and all assets are held by this segment. Accordingly, no segmented information is presented in these consolidated financial statements.

24. SUBSEQUENT EVENTS

On July 10, 2018, 375,000 options to purchase common shares of the Company were exercised at a price of $0.05 per common share, resulting in proceeds to the Company of $18,750. This amount was collected prior to June 30, 2018 and is presented as shares to be issued on the statement of financial positions.

On September 6, 2018, the Company announced that it had closed a non-brokered private placement issuing 46,708,000 units of the Company (the "Units") at a price per Unit of $0.05 for gross proceeds of $2,105,000. Each Unit consists of one common share in the capital of the Company and one warrant. One warrant entitles the holder to purchase one (1) additional common share of the Corporation at seven ($0.07) cents per warrant exercised. The warrants are exercisable during the one (1) year period from the date of issue. In addition, the Company has agreed to pay finder's fees in the amount of ten (10%) percent of gross proceeds in Units.

On September 10, 2018, the Company announced that pursuant to its 2006 Incentive Stock Option Plan, as amended, the Board of Directors of the Company approved the grant of incentive stock options to purchase 1,500,000 common shares in the capital stock of the Company to certain employees and consultants of the Company (the "Grantees"). The options expire August 31, 2020 and are exercisable at $0.075 per share for 1,000,000 of them, at $0.10 for 250,000, and at $0.15 on the remaining 250,000 and are subject to a four-month statutory hold from the date of issue.

25. PRIOR YEAR COMPARATIVE FIGURES

The prior year comparative figures have been reclassified in the statement of loss and comprehensive loss to conform to current year presentation.

This is **Exhibit "B"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January, 2020

A Commissioner for Taking Affidavits

Star Navigation Systems Group Ltd.

Interim Condensed Consolidated Financial Statements

(Unaudited – Prepared by Management)

For the three and nine month periods ended March 31, 2019 and March 31, 2018

(Expressed in Canadian dollars)

NOTICE TO READER

The accompanying interim condensed consolidated financial statements are unaudited and have been prepared by the Company's management and the Company's independent auditors have not performed a review of these financial statements.

Toronto, Ontario
May 30, 2019

Star Navigation Systems Group Ltd.
Interim Condensed Consolidated Statements of Financial Position
As at March 31, 2019 and June 30, 2018
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Assets		
Current		
Cash (Note 9)	$ 290,740	$ -
Accounts receivable	310,898	46,062
Inventory (Note 8)	159,976	186,804
Prepaid expenses and deposits	57,280	-
Sales tax recoverable (Note 7)	215,801	126,640
	1,034,695	359,506
Property and equipment (Note 5)	89,438	57,675
Intangible assets (Note 6)	80,110	861
	$ 1,204,243	$ 418,042
Liabilities		
Current		
Bank indebtedness (Note 9)	$ -	$ 59,956
Accounts payable and accrued liabilities (Note 10)	365,485	660,499
Other payables (Note 11)	196,000	196,000
Deferred revenue	134,561	162,706
Due to related parties (Note 16)	2,082,527	1,995,990
	2,778,573	3,075,151
Shareholders' Deficiency		
Share capital (Note 12)	40,697,795	38,772,715
Shares to be issued	-	18,750
Contributed surplus (Note 13)	16,823,916	15,695,446
Deficit	(59,085,764)	(57,144,020)
	(1,564,053)	(2,657,109)
Non-controlling interest	(10,277)	-
	(1,574,330)	-
	$ 1,204,243	$ 418,042

Nature of Operations and Going Concern (Note 1)

Commitments and Contingencies (Note 17)

Approved by the Board *"Viraf S. Kapadia"* — ***Director*** *(Signed)*   *"Gus Nariman"* — ***Director*** *(Signed)*

Star Navigation Systems Group Ltd.
Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
Three and Nine Months Ended March 31, 2019 and March 31, 2018
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Three months ended March 31		Nine months ended March 31	
	2019	2018	**2019**	2018
Revenue (Note 18)	**$ 21,061**	**$ 150,588**	**$ 322,098**	$ 155,108
Expenses				
Cost of inventory consumed (Note 8)	**8,264**	**3,608**	**86,081**	13,012
General and administrative (Note 19)	**399,703**	**231,198**	**984,258**	819,173
Research and development (Note 19)	**272,285**	**195,720**	**695,884**	728,711
Marketing and promotion (Note 19)	**87,817**	**51,663**	**432,172**	414,685
Foreign exchange loss (gain)	**-**	**3,231**	**100**	1,831
	768,069	**485,420**	**2,198,495**	1,977,412
Loss from Operations	**(747,008)**	**(334,832)**	**(1,876,397)**	(1,822,304)
Other Income (Expenses)				
Interest expense (Note 15)	**(24,612)**	**(22,503)**	**(75,624)**	(63,106)
Net Loss and Comprehensive Loss for the year	**$ (771,620)**	**$ (357,335)**	**$ (1,952,021)**	$ (1,885,410)
Basic and diluted loss per common share	**$ (0.001)**	**$ (0.001)**	**$ (0.004)**	$ (0.004)
Weighted average number of common shares outstanding	**458,844,059**	**445,704,037**	**470,611,237**	438,807,471
Net Loss and Comprehensive Loss attributable to:				
Shareholders	**$(761,343)**	$(357,335)	**$(1,941,744)**	$(1,885,410)
Non-controlling interest	**(10,277)**	-	**(10,744)**	-
	$(771,620)	**$(357,335)**	**$(1,952,021)**	$(1,885,410)

Star Navigation Systems Group Ltd.
Interim Condensed Consolidated Statements of Changes in Deficiency
Nine Months Ended March 31, 2019 and March 31, 2018
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Number of common shares	Number of Series I preferred shares	Share capital	Contributed surplus	Deficit	Non-controlling interest	Total
Balance at June 30, 2017	**399,689,805**	**615,000**	**$34,605,977**	**$15,518,908**	**$(54,638,255)**	-	**$(4,513,370)**
Issued for cash on private placement (Note 11(d))	4,000,000	-	400,000	-	-	-	**400,000**
Issued for cash on private placement (Note 11(d))	400,000	-	40,000	-	-	-	**40,000**
Issued on settlement of debt (Note 11(b))	27,333,615	-	2,186,690	-	-	-	**2,186,690**
Issued for cash on options exercised (Note 11(c))	3,898,000	-	261,900	-	-	-	**261,900**
Issued for cash on warrants exercised (Note 11(c))	13,514,004	-	1,199,598	-	-	-	**1,199,598**
Share Issuance costs	-	-	(40,000)	-	-	-	**(40,000)**
Loss for the period	-	-	-	-	(1,885,410)	-	**(1,885,410)**
Balance at March 31, 2018	**448,835,424**	**615,000**	**$38,654,165**	**$15,518,908**	**$(56,523,665)**	-	**$(2,350,592)**
Balance at June 30, 2018	**455,154,996**	**615,000**	**$38,772,715**	**$15,695,446**	**$(57,144,020)**	-	**$(2,675,859)**
Issued for cash on private placement (Note 11(i))	42,100,000	-	2,105,000	-	-	-	**2,105,000**
Issued as finder's fees on private placement (Note 11(i))	4,210,000	-	210,500	-	-	-	**210,500**
Value allocated to warrants as part of private placement (Note 11(i))	-	-	(955,861)	955,861	-	-	**-**
Issued for cash on warrants exercised (Note 11(j))	10,654,179	-	854,800	-	-	-	**854,800**
Issued for cash on options exercised (Note 11(k))	550,000	-	35,000	-	-	-	**35,000**
Value allocated to options granted (Note 13)	-	-	(172,609)	172,609	-	-	**-**
Shares issued upon acquisition of majority interest in ISONEO	686,106	-	40,000	-	-	-	**40,000**
Issued for cash on options exercised	375,000	-	18,750	-	-	-	**18,750**
Share issuance costs (Note 11(i))	-	-	(210,500)	-	-	-	**(210,500)**
Loss for the period	-	-	-	-	(1,941,744)	(10,277)	**(1,952,021)**
Balance at March 31, 2019	**513,730,281**	**615,000**	**$40,697,795**	**$16,823,916**	**$(59,085,764)**	**$(10,277)**	**$(1,574,330)**

See accompanying notes to the consolidated financial statements

Star Navigation Systems Group Ltd.
Interim Condensed Consolidated Statements of Cash Flows
Three and Nine Months Ended March 31, 2019 and March 31, 2018
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	Three months ended March 31		Nine months ended March 31	
	2019	2018	**2019**	2018
Cash provided by (used in)				
Operations				
Net loss	**$ (771,620)**	$ (357,335)	**$ (1,952,021)**	$ (1,885,410)
Items not affecting cash				
Depreciation	**4,683**	13,044	**13,285**	37,915
Amortization of intangible assets	**250**	250	**751**	9,496
	(766,687)	(344,041)	**(1,937,984)**	(1,837,999)
Net changes in non-cash working capital				
Accounts receivable	**(21,061)**	(73,548)	**(264,836)**	(6,190)
Inventory	**-**	-	**26,828**	-
Sales tax recoverable	**(34,333)**	-	**(89,161)**	(67,416)
Prepaid expenses and deposits	**21,742**	(15,641)	**(97,280)**	-
Accounts payable and accrued liabilities	**33,099**	711	**(295,014)**	(263,573)
Deferred revenue	**-**	(45,554)	**(28,145)**	35,164
	(767,240)	(478,073)	**(2,685,593)**	(2,140,014)
Investing				
Purchase of property and equipment	**(20,670)**	(3,191)	**(45,048)**	(8,062)
Financing				
Subscription proceeds rec'd in advance	**-**	50,000	**-**	50,000
Due to related parties	**20,612**	145,393	**86,537**	51,909
Proceeds of warrants exercised	**91,000**	-	**854,800**	1,199,598
Proceeds from options exercised	**-**	-	**35,000**	261,900
Proceeds from private placement	**-**	103,800	**2,105,000**	400,000
	111,612	299,193	**3,081,337**	1,963,407
Net change in cash	**(676,298)**	(182,071)	**350,696**	(184,669)
Cash (bank indebtedness), beginning of period	**967,038**	139,293	**(59,956)**	141,891
Cash, (Bank Indebtedness) end of period	**$ 290,740**	$ (42,778)	**$ 290,740**	$ (42,778)
Supplemental Disclosure				
Interest paid	**$ 20,612**	$ 22,503	**$ 71,624**	$ 63,106
Shares issue for settlement of accounts payables	**-**	-	**-**	643,504
Shares issued for settlement of loans payable	**-**	-	**-**	810,005
Shares issued for settlement of related party loans	**-**	-	**-**	733,181

1. NATURE OF OPERATIONS AND GOING CONCERN

Star Navigation Systems Group Ltd. (the "Company") is devoting substantially all of its activity to the development, marketing and promotion of an In-flight Safety Monitoring System ("STAR-ISMS®"), whereby data from an aircraft can be transmitted to ground stations for the duration of a flight. The Company has been granted supplemental type certificates for use of the systems on a Boeing 737, 727, Airbus A321, A320, A340 and a Learjet 45.

The Company was incorporated by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (*Ontario*) in May 2000 and its registered address is located at 11 Kenview Blvd, Brampton, Ontario L6T 5G5. The Company is listed on the Canadian Securities Exchange trading under the symbol of "SNA".

Going Concern

These consolidated financial statements have been prepared using accounting policies applicable to a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they become due. The Company incurred a net loss of $1,952,021 for the period ended March 31, 2019 (March 31, 2018 – $1,885,410), has an accumulated deficit of $59,085,764 (June 30, 2018 - $57,144,020) and has negative working capital of $1,743,878 (June 30, 2018 – $2,715,645). Whether and when the Company can attain profitability and positive cash flows from operations is uncertain. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue operations, meet its obligations and realize its investment in development costs is dependent on the continued support from investors and related parties to finance sales to customers, continue the project development, obtain the necessary certifications from regulatory agencies as well as successfully marketing the STAR-ISMS® for gain. These consolidated financial statements do not reflect adjustments in the carrying values of the Company's assets and liabilities, revenues and expenses, and the financial position classifications used, that may be necessary should the Company be unable to continue as a going concern or be unable to realize its assets and discharge its liabilities in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These interim condensed consolidated financial statements are unaudited and have been prepared on a condensed basis in accordance with the International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board and interpretations of the International Financial Interpretations Committee using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These interim condensed consolidated financial statements for the three and nine months ended March 31, 2019 and 2018 should be read together with the annual consolidated financial statements as at and for the year ended June 30, 2018. The same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of and as described in note 3 of the annual consolidated financial statements as at and for the year ended June 30, 2018.

(b) Basis of Measurement

These interim condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value.

2. BASIS OF PRESENTATION (Cont'd)

(c) Functional and Presentation Currency

These interim condensed consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency.

(d) Basis of Consolidation

These interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned and controlled operating subsidiaries, Star Navigation Systems Inc. ("Star"), Star Navigation Systems (Quebec) Inc. and Star Navigation Systems (U.K) Ltd. Star Navigation Systems (Quebec) Inc. and Star Navigation Systems (U.K) Ltd. are inactive. The financial statements of its subsidiaries are included in the consolidated statements from the date that control commences until the date that control ceases. All significant inter-company transactions and balances have been eliminated on consolidation. All references to the Company should be treated as references to the Company and its subsidiaries.

(e) Critical Accounting Estimates, Judgments, and Assumptions

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The significant areas of estimation uncertainty considered by management in preparing the interim condensed consolidated financial statements were the same as those in the annual financial statements for the year ended June 30, 2018.

3. ACCOUNTING POLICY CHANGES

Financial Instruments - IFRS 9

IFRS 9, *Financial Instruments* ("IFRS 9"), was issued by the International Accounting Standards Board ("IASB") in July 2014 and will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. The Company adopted IFRS 9 effective July 1, 2018. The Company has completed its assessment of the impact of this new standard and there were no significant changes as a result of this or elsewhere in the application of the new standard.

3. ACCOUNTING POLICY CHANGES (Cont'd)

Share-based Payments – IFRS 2

IFRS 2, *Share-based Payments* ("IFRS 2"), - In September 2017, the IASB issued final amendments to IFRS 2, which clarifies how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: (i) the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to the terms and conditions of a share based payment that changes the classifications of the transaction from cash-settled to equity settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company adopted the amendments to IFRS 2 on July 1, 2018 and the implementation did not result in a significant effect to the consolidated financial statements.

Financial Instruments: Disclosure – IFRS 7

IFRS 7, *Financial instruments: Disclosure* ("IFRS 7"), was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company adopted the amendments to IFRS 7 on July 1, 2018 and the implementation did not result in a significant effect to the consolidated financial statements.

Revenue from Contracts with Customers – IFRS 15

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. The Company adopted IFRS 15 effective July 1, 2018. The Company has completed is assessment of the impact of this new standard and has noted beyond the required additional disclosures, there exist no material changes to the consolidated financial statements or required retroactive adjustments.

4. RECENT ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET APPLIED

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after March 31, 2018 or later periods. Many are not applicable or do not have a significant impact to the Company. The following have not yet been adopted and are being evaluated to determine the resultant impact on the Company.

Leases – IFRS 16

IFRS 16, *Leases* ('IFRS 16"), replaces IAS 17, *Leases* ("IAS 17"). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied. The Company is still evaluating the impact of the adoption of IFRS 16.

(Expressed in Canadian dollars)

5. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Furniture and Equipment	Computer Equipment and Software	Computer Equipment under Finance Lease	Total
Cost					
Balance at June 30, 2018	$ 84,626	$ 278,822	$ 156,292	$ 318,795	$ 838,535
Additions	-	36,489	8,559	-	45,048
Balance at Mar 31, 2019	**$ 84,626**	**$ 315,311**	**$ 164,851**	**$ 318,795**	**$ 883,583**
Accumulated Depreciation					
Balance at June 30, 2018	$ 84,626	$ 234,952	$ 153,260	$ 308,022	$ 780,860
Amortization for the period	-	7,593	1,652	4,040	13,285
Balance at Mar 31, 2019	**$ 84,626**	**$ 242,545**	**$ 154,912**	**$ 312,062**	**$ 794,145**
Carrying Amounts					
As at June 30, 2018	$ -	$ 43,870	$ 3,032	$ 10,773	$ 57,675
As at Mar 31, 2019	**$ -**	**$ 72,766**	**$ 9,939**	**$ 6,733**	**$ 89,438**

(Expressed in Canadian dollars)

6. INTANGIBLE ASSETS

Cost	License Rights [(a)]	STAR-MMI Technology and Patents[(b)]	Website Costs	Goodwill	STAR-ISMS ® and Peripherals	Total
Balance at June 30, 2018	$ 136,146	$ 908,726	$ 25,037	$ -	$ 619,498	$ 1,689,407
Additions	-	-	-	80,000	-	80,000
Balance at Mar 31, 2019	**$ 136,146**	**$ 908,726**	**$ 25,037**	**$ 80,000**	**$ 619,498**	**$ 1,769,407**
Accumulated Amortization and Impairment						
Balance at June 30, 2018	$ 135,285	$ 908,726	$ 25,037	$ -	$ 619,498	$ 1,688,546
Amortization for year	751	-	-	-	-	751
Balance at Mar 31, 2019	**$ 136,036**	**$ 908,726**	**$ 25,037**	**$ -**	**$ 619,498**	**$ 1,689,297**
Carrying Amounts						
As at June 30, 2018	$ 861	$ -	$ -	$ -	$ -	$ 861
As at Mar 31, 2019	**$ 110**	**$ -**	**$ -**	**$ 80,000**	**$ -**	**$ 80,110**

(a) In 2002, the Company acquired the license rights to the STAR-ISMS® from a director and a former director of the Company. The underlying patents are now owned by the CEO and director of the Company (see Note 15). The Company owns the exclusive, worldwide license for the lifetime of the patents.

(b) On January 14, 2019 the Company purchased an 80% stake in Solutions ISONEO Inc. Consideration for the purchase was accomplished by paying $40,000 in cash and issuing $40,000 in common shares (686,106 shares) of the Company for a total of $80,000.
The purchase price has been fully allocated to Goodwill and no amortization has been recorded.

(Expressed in Canadian dollars)

7. SALES TAX RECOVERABLE

Sales tax recoverable is due from the Government of Canada in relation to Harmonized Sales Tax refunds, which as at March 31, 2019 amounted to $215,801 (June 30, 2018 - $126,640).

8. INVENTORY

Inventory is comprised of the following:

		March 31, 2019 (Unaudited)		June 30, 2018 (Audited)
Finished goods – STAR-ISMS®	$	**85,000**	$	85,000
Parts and components – STAR-ISMS®		**33,444**		50,776
Parts and components – STAR-MMI		**41,532**		51,028
	$	**159,976**	$	186,804

For the period ended March 31, 2019, the cost of inventory consumed in connection with revenue recognized was $86,081 (March 31, 2018 – $13,012).

9. BANK CREDIT FACILITY

The Company utilizes a revolving line of credit ("LOC") from The Toronto-Dominion Bank to provide working capital flexibility. The LOC is available up to a maximum of $50,000, which has been fully utilized as at March 31, 2019 and June 30, 2018. The LOC is presented on a net basis in cash on the statements of financial position.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2019 (Unaudited)		June 30, 2018 (Audited)
Trade payables	$	**170,971**	$	270,671
Accrued liabilities (a)		**194,514**		389,828
	$	**365,485**	$	660,499

(a) Included in accrued liabilities are payroll remittance arrears owing to the Canada Revenue Agency ("CRA") totaling $150,422 (June 30, 2018 - $221,068).

(Expressed in Canadian dollars)

11. OTHER PAYABLES

Other payables include amounts due to a former employee of the Company with respect to unpaid compensation.

12. SHARE CAPITAL

Authorized

615,000	Series I First Preferred Shares, non-voting, entitled to non-cumulative dividends at a rate of 7% in priority to common shares, redeemable at $1.00 at the option of the Company and have no par value.
350,000	Series II First Preferred Shares, non-voting, entitled to cumulative dividends at 9% per annum in priority to common shares and exchangeable for common shares at the rates of 5 common shares, 3.33 common shares and 2.5 common shares for each Series II Preferred Share in each of the first, second and third years after issue respectively. These shares have no par value and are redeemable at $1.00 per share at the option of the Company.
Unlimited	common shares, no par value.

Share Capital Activity

(a) In July-December 2017, 13,514,004 warrants to purchase common shares of the Company were exercised at prices of $0.06-$0.12 per common share, resulting in proceeds to the Company of $1,199,598.

(b) In July 2017, the Company issued 27,335,615 common shares of the Company at a price of $0.08 per share in settlement of $563,566 of trade payables, $794,943 of loans payable and $828,181 of amounts due to related parties being the fair market value of the debt at the time of settlement.

(c) In July-December 2017, 3,898,000 options to purchase common shares of the Company were exercised at prices of $0.05-$0.10 per common share, resulting in proceeds to the Company of $261,900.

(d) On January 11, 2018, the Company closed a non-brokered private placement, having issued 4,000,000 units of the Company (the "Units") at a price per unit of $0.10 for gross proceeds of $400,000. Each unit consists of one common share in the capital of the Company and one warrant. Each warrant entitles the holder to purchase one additional common share of the Company at fifteen $0.15 cents per warrant exercised. The warrants are exercisable during the one year period from the date of issue. In addition, the Company has agreed to pay finder's fees in the amount of 400,000 units valued at $40,000.

(e) On April 27, 2018, the Company closed a non-brokered private placement, having issued 3,766,667 units of the Company (the "Units") at a price per unit of $0.06 for gross proceeds of $226,000. Each unit consists of one common share in the capital of the Company and one warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.07 cents per warrant exercised. The warrants are exercisable during the one year period from the date of issue. In addition, the Company has agreed to pay finder's fees in the amount of 376,667 units valued at $22,600.

(f) During the year ended June 30, 2018, the Company issued a total of 629,571 common shares valued at $44,070, to a consultant of the Company for services rendered.

12. SHARE CAPITAL (Cont'd)

Share Capital Activity (Cont'd)

(g) During the year ended June 30, 2018, 4,190,000 options to purchase common shares of the Company were exercised at prices of \$0.05-\$0.10 per common share, resulting in proceeds to the Company of \$235,500.

(h) During the year ended June 30, 2018, 14,768,671 warrants to purchase common shares of the Company were exercised at prices of \$0.06-\$0.12 per common share, resulting in proceeds to the Company of \$1,251,016.

(i) On September 6, 2018, the Company closed a non-brokered private placement issuing 42,100,000 units of the Company (the "Units") at a price per unit of \$0.05 for gross proceeds of \$2,105,000. Each unit consists of one common share in the capital of the Company and one warrant. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.07 cents per warrant exercised. The warrants are exercisable during the one year period from the date of issue. In addition, the Company has agreed to pay finder's fees in the amount of 4,210,000 units valued at \$210,500.

(j) During the period ended March 31, 2018, 10,654,179 warrants to purchase common shares of the Company were exercised at a price of \$0.07 per common share, resulting in proceeds to the Company of \$854,800.

(k) During the year ended June 30, 2019, 550,000 options to purchase common shares of the Company were exercised at prices of \$0.05-\$0.10 per common share, resulting in proceeds to the Company of \$35,000.

13. CONTRIBUTED SURPLUS, STOCK-BASED COMPENSATION AND WARRANTS

Stock-Based Compensation

The Company has a Stock Option Plan (the "Plan") for employees, officers, directors and consultants performing special technical or other services of the Company ("Optionees"). During 2010, the Company amended the Plan whereby the number of common shares to be issued under the Plan is not to exceed 30,000,000 common shares. The designation of Optionees, amount and vesting provisions of awards under the Plan are determined by the Board of Directors.

(Expressed in Canadian dollars)

13. CONTRIBUTED SURPLUS, STOCK-BASED COMPENSATION AND WARRANTS (Cont'd)

Stock Option Transactions	Number	Exercise Price	Weighted Average Exercise Price
Balance at June 30, 2017	**9,497,900**		**$0.09**
Options exercised	(4,190,000)	$0.05-$0.07	$0.06
Options expired	(2,412,900)	$0.07-$0.15	$0.13
Balance at June 30, 2018	**2,895,000**		**$0.05**
Options expired	(25,000)	$0.07	$0.07
Options exercised	(550,000)	$0.05-$0.10	$0.075
Options granted	1,500,000	$0.075-$0.15	$0.09
Balance at March 31, 2019	**3,820,000**		**$0.033**
Exercisable at March 31, 2019	**3,820,000**		**$0.033**

The fair value of the options issued is determined using the Black-Scholes model for pricing options under the following weighted average assumptions

On September 6, 2018, the Company granted 1,500,000 stock options with an exercise price of $0.075-$0.15. The options expire on August 31, 2020 and will vest in their entirety after 4 months from the grant date. The fair value of each of these options was determined to be $0.0397.

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Expected dividend yield	**Nil**	-
Risk free interest rate	**2.05%**	-
Expected volatility	**132%**	-
Expected life	**2 years**	-
Share price	**$0.075**	-

Expected volatility is based on the average historical volatility over the life of the option on the Company's share price.

(Expressed in Canadian dollars)

13. CONTRIBUTED SURPLUS, STOCK-BASED COMPENSATION AND WARRANTS (Cont'd)

Stock-Based Compensation (Cont'd)

As at March 31, 2019 the Company had stock options issued to directors, officers, employees and key consultants of the Company outstanding as follows:

Date of Grant	Options Granted	Options Exercisable	Exercise Price	Expiry Date
March 31, 2016	1,300,000	1,300,000	$0.05	March 1, 2021
October 21, 2016	1,020,000	1,020,000	$0.05	March 1, 2021
September 6, 2018	1,500,000	1,500,000	$0.075-$0.15	August 31, 2020
	3,820,000	**3,820,000**		

The weighted average remaining contractual life of the outstanding options is 0.32 years (June 30, 2018 – 1.07 years).

Warrants

	Number	Weighted-Average Exercise Price	Expiry Date
Balance at June 30, 2017	**125,344,971**	**$0.09**	
Exercised	(14,768,671)	$0.03	July 25, 2017-April 15, 2019
Issued	8,543,334	$0.11	January 11, 2019-April 27, 2019
Expired	(44,037,458)	$0.11	July 25, 2017-May 15, 2018
Balance at June 30, 2018	**75,082,176**	**$0.01**	
Expired	(4,995,821)	$0.08	October 18, 2018-January 12, 2019
Exercised	(10,654,179)	$0.07	October 18, 2018
Issued	46,310,000	$0.05	September 6, 2019
Balance at March 31, 2019	**105,742,176**	**$0.01**	

(Expressed in Canadian dollars)

13. CONTRIBUTED SURPLUS, STOCK-BASED COMPENSATION AND WARRANTS (Cont'd)

As at March 31, 2019, the Company had warrants issued and outstanding as follows:

Date of Issue	Warrants Issued	Exercise Price	Expiry Date
April 15, 2014	23,146,596	$0.08	April 12, 2019
April 15, 2016	32,142,246	$0.07	April 15, 2019
April 27, 2018	4,143,334	$0.07	April 27, 2019
September 6, 2018	46,310,000	$0.05	September 6, 2019
	105,742,176		

The fair value of the warrants issued is determined using the Black-Scholes model for pricing options under the following weighted average assumptions.

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Expected dividend yield	**Nil**	Nil
Risk free interest rate	**2.05%**	1.73-1.90%
Expected volatility	**96%**	126-149%
Expected life	**1 year**	1 year
Share price	**$0.075**	$0.055-$0.085

Expected volatility is based on historical data.

Basic and diluted loss per common share based on net loss for the period ended March 31;

Numerator:	**March 31, 2019 (Unaudited)**	March 31, 2017 (Unaudited)
Net loss for the year	**$(1,952,021)**	$(1,885,410)
Denominator:		
Weighted average number of common shares outstanding - basic	**470,611,237**	434,165,537
Weighted average effect of diluted stock options and warrants	**-**	-
Weighted average number of common shares outstanding - diluted	**470,611,237**	434,165,537
Loss per common share based on net loss for the year:		
Basic	**$ (0.004)**	$(0.003)
Diluted	**$ (0.004)**	$(0.003)

(Expressed in Canadian dollars)

13. CONTRIBUTED SURPLUS, STOCK-BASED COMPENSATION AND WARRANTS (Cont'd)

Maximum share dilution:

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options and warrants were exercised as at March 31, 2019:

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Common shares outstanding	**513,730,281**	455,154,996
Warrants to purchase common shares	**105,742,176**	75,082,176
Stock options to purchase common shares	**3,820,000**	2,895,000
Fully diluted common shares outstanding	**623,292,457**	533,132,172

14. MANAGEMENT OF CAPITAL

The Company considers its capital to include the components of equity attributable to common shareholders which amounts to a deficit of $1,614,330 at March 31, 2019 (June 30, 2018 – $2,675,109) and is comprised of issued share capital, contributed surplus and deficit in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to develop, market and promote its STAR-ISMS® technology and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended March 31, 2019. The Company manages capital by obtaining loans from private investors and through the issuance of shares from private placements.

15. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency risk and interest rate risk), fair value risk, credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

15. FINANCIAL RISK MANAGEMENT (Cont'd)

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Market Risk

(i) Currency risk:

Currency risk is the risk that fluctuations in the rates of exchange on foreign currency would impact the Company's future cash flows. The Company is exposed to foreign exchange risk from various currencies, primarily US dollars. Foreign exchange risk arises from significant sales and purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

The Company's main objective in managing its foreign exchange is to maintain US cash on hand to support US forecasted cash flows over a 12-month horizon. To achieve this objective the Company monitors forecasted cash flows in foreign currencies and attempts to mitigate the risk by modifying the currency of cash held.

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

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Cash	**$ 581**	$ 829
Accounts receivable	**194,820**	26,562
Accounts payable	**(56,074)**	(56,074)
	$ 139,327	$ (28,683)

Based on the Company's net exposure to US denominated instruments at March 31, 2019 and March 31, 2018, a sensitivity analysis has not been presented as the impact to profit and loss would be immaterial.

(ii) Interest rate risk:

Interest rate risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Company's debt is at fixed rates and due in the short term. Accordingly, there is limited exposure to cash flow or price interest rate risk.

15. FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit Risk

The Company does not believe it is exposed to any significant concentration of credit risk. However, as disclosed in Note 17, the Company earns a significant amount of revenue from a few customers. As at March 31, 2019, approximately $6,726 (June 30, 2018 - $6,726) of the Company's receivables were past due the average credit period of 90 days. As at March 31, 2019, the Company's allowance for doubtful accounts was $Nil (June 30, 2018 - $Nil) and bad debts expense amounted to a recovery of $Nil (March 31, 2018 – expense of $Nil).

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at March 31, 2019, the Company has current liabilities of $2,778,573 (June 30, 2018 - $3,075,151) due within 12 months and cash of $290,740 (June 30, 2018 – bank indebtedness of $59,956). As at March 31, 2019, the Company has a working capital deficiency of $1,703,878 (June 30, 2018 - $2,715,645) and accordingly, the Company is subject to significant liquidity risk. Management will continue to raise capital to develop, market and promote its STAR-ISMS® technology and to maintain its operations. See Note 1 for going concern.

There have been no changes for the Company's risk management policies for market risk, credit risk, and liquidity risk since June 30, 2018.

16. RELATED PARTY TRANSACTIONS

The Company has accrued and carries a significant balance on its consolidated financial statements of amounts due to related parties. The amounts represent compensation accrued with respect to salary compensation for its officers, monthly compensation accrued for its directors and committee chairpersons that have accumulated over the past several years.

The Company has an exclusive license agreement in place with a company owned and controlled by its CEO and Chairman of the Board regarding the use of patents related to the STAR-ISMS® technology. There were no license payments made or required to be made for the periods ended March 31, 2019 and March 31, 2018.

(Expressed in Canadian dollars)

16. RELATED PARTY TRANSACTIONS (Cont'd)

The Company has an employment agreement in place with the CEO and Chairman of the Board regarding royalties to be paid upon future sales of the Company's STAR-ISMS® technology products which becomes effective under certain conditions on the termination of the CEO from the Company (Note 16(b)).

(a) Amounts due to related parties at March 31, 2019 is $2,082,527 (June 30, 2018 - $1,995,990) and is comprised of the following:

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Due to Directors	**$ 84,000**	$ 48,000
Due to Committee Chairpersons	**27,000**	12,000
Due to Chief Executive Officer – Viraf Kapadia(i)	**1,797,603**	1,706,546
Due to Chief Operating Officer – Jean-Louis Larmor	**173,924**	224,924
Due to Chief Financial Officer – Randy Koroll	**-**	4,520
	$ 2,082,527	$ 1,995,990

(i) $1,735,720 (June 30, 2018 - $1,644,663) of the balance bears interest at 5% per annum; $61,883 (June 30, 2018 - $61,883) of the balance is non-interest bearing. Interest accrued on the loan payable to the CEO for the period ended March 31, 2019 was $75,624 (March 31, 2018 – $40,488).

All amounts are unsecured and are due on demand.

(b) The Company also owes $1,877 (June 30, 2018 - $7,550) in credit card debt that is guaranteed by the CEO and Chairman of the Board in accounts payables and accrued liabilities.

(c) Compensation to key management personnel, directors and committee chairpersons included in general and administrative expenses in the interim condensed consolidated statement of comprehensive loss was as follows for the periods ended March 31:

	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Chief Executive Officer	**$ 154,225**	$ 141,000
Chief Operating Officer	**203,833**	123,750
Chief Financial Officer	**45,000**	12,000
Board of Director fees	**36,000**	24,000
Committee Chairperson fees	**15,000**	12,000
Interest paid to Chief Executive Officer	**75,624**	41,488
Total at March 31, 2019	**$ 529,682**	$ 354,238

(Expressed in Canadian dollars)

17. COMMITMENTS AND CONTINGENCIES

(a) The Company is committed to leases of its premises. Minimum lease payments for successive years are as follows:

Item	2019	2020	2021	2022	2023	Total
Premises	$ 99,000	$130,500	$ 167,188	$194,346	$196,066	$787,100

(b) The Company has an employment agreement with its Chief Executive Office and Chairman of the Board that will pay a royalty of 3% on gross sales of any STAR-ISMS® units that occur after the Termination Event as defined below. Termination Event includes the following; a) resignation within two years following a change of control and b) termination within two years following a change of control, other than termination for cause or death.

18. SIGNIFICANT CUSTOMER

During the period ended March 31, 2019, 74% (March 31, 2018 – 100%) of the revenue was generated from Star-ISMS sales. During the period ended March 31, 2019, 74% (March 31, 2018 – Nil%) of the revenue recognized during the period was generated from a customer located in the Middle East. During the period ended March 31, 2019, 26% (March 31, 2018 – Nil%) of revenue earned is from repairs and maintenance services on STAR-MMI flat panel displays units.

(Expressed in Canadian dollars)

19. EXPENSE DISCLOSURES

General and Administrative	**March 31, 2019 (Unaudited)**	March 31, 2018 (Unaudited)
Bank charges and interest	**$ 3,656**	$ 4,379
Board and committee fees	**51,000**	54,000
Insurance	**64,546**	37,567
Miscellaneous	**185,961**	159,440
Professional fees	**84,232**	25,214
Rent	**57,251**	108,000
Wages	**537,612**	430,573
Total G&A expenses	**$ 984,258**	$ 819,173
Research and Development		
Amortization expense	**14,036**	47,412
Research and development costs	**125,315**	203,875
Travel costs	**22,798**	9,784
Wages	**533,735**	467,640
Total R&D expenses	**$ 695,884**	$ 728,711
Marketing and Promotion		
Consultant costs	**$ 353,142**	$ 315,978
Investor relations	**48,880**	60,000
Travel costs	**30,150**	38,707
Total M&P expenses	**$ 432,172**	$ 414,685

20. SEGMENT INFORMATION

The Company operates in a single segment, consisting of the development, marketing, and sale of in-flight safety monitoring systems, whereby data from an aircraft can be transmitted to ground stations for the duration of a flight. This segment operates entirely in Canada. All revenues are earned by this segment, and all assets are held by this segment. Accordingly, no segmented information is presented in these consolidated financial statements.

21. SUBSEQUENT EVENTS

At the end of April, 2019 the Company announced the resignations of Mr. David H. Tsubouchi, B.A., J.D., LL.D., D.S.Litt., C.DIR, and Ms. Mary Meffe, CPA, CA, C.DIR., as directors of the Company, effective April 30, 2019 and May 1, 2019 respectively. No candidates to replace Mr. Tsubouchi and Ms. Meffe have been identified at this time.

A Special General Meeting of shareholders has been requested by certain shareholders with respect to the Chief Executive Officer. The Board of Directors is considering this request.

The Company announced that it had entered into a long-term agreement with AMS Heli Design ("AMS") of Denison, Texas. (www.amsheli.com). AMS is a Helicopter EMS Interior provider, specializing in Air Ambulance configuration through the use of new lightweight materials and new generation technologies.

The Company has received a request from its Indian distributor send a technical presentation team to India in order to support discussions with a large potential customer. The Company is advised that those discussions have reached a critical stage and has agreed to send a team at the end of May.

This is **Exhibit "C"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January, 2020

A Commissioner for Taking Affidavits

AMENDED AND RESTATED
LICENSE AGREEMENT

THIS AGREEMENT (this "**Agreement**") is made as of the 9th day of December, 2011

BETWEEN:

> **2283188 ONTARIO LIMITED**, a corporation existing under the laws of the Province of Ontario (the "**Licensor**")
>
> -and-
>
> **STAR NAVIGATION SYSTEMS GROUP LTD.**, a corporation existing under the laws of the Province of Ontario (the "**Licensee**")

WHEREAS the Licensor is the sole owner of a system and method for transportation vehicle monitoring, feedback and control (the "**Licensed Property**") more particularly described by the Patents (as such term is hereinafter defined);

AND WHEREAS the Licensor is the sole owner of the Patents and the Know-How (as such term is hereinafter defined);

AND WHEREAS, except as otherwise provided for herein, the Licensee wishes to have the exclusive right to use, develop, produce, install, implement, market and sell the Licensed Property employing the Know-How in connection with the transportation industry worldwide;

AND WHEREAS Star Navigation Systems Inc. ("**SNSI**"), a wholly-owned subsidiary of the Licensee, and Viraf S. Kapadia ("**Kapadia**") and Hilary Vieira ("**Vieira**", and together with Kapadia, the "**Original Licensors**"), the original co-developers and co-owners of the Licensed Property and the Know-How, entered into a license agreement dated December 1, 2000 (the "**Original License Agreement**") wherein SNSI obtained from the Original Licensors an exclusive license to the Licensed Property and the Know-How;

AND WHEREAS by license agreement dated as of the 22nd day of April, 2002 (the "**Current License Agreement**"), SNSI and the Original Licensors amended and restated, and superseded, the Original License Agreement, and thereafter: (i) Vieira sold, assigned and transferred all of Vieira's right, title and interest in the ownership of the Licensed Property and the Know-How to Kapadia; (ii) Kapadia sold, assigned and transferred all of Kapadia's right, title and interest in the ownership of the Licensed Property and the Know-How to the Licensor, the current sole owner thereof and a corporation owned and controlled by Kapadia; and (iii) SNSI assigned and transferred all of its rights and obligations arising under the Current License Agreement to the Licensee;

AND WHEREAS the Licensee has entered into a Supply, Marketing and Sale of Airborne Data Service Agreement (the "**ADS Agreement**") dated June 22, 2011 among Paradigm Services Limited ("**Paradigm**"), the Licensee, Star Navigation Systems (UK) Limited, Kapadia and the Licensor pursuant to which Paradigm and the Licensee, using the Licensed Property and the Know-How, will jointly provide a one-stop-shop to market and sell a satellite communications data service to aviation companies;

AND WHEREAS the Licensor and the Licensee have agreed to enter into this Agreement in order to amend and restate, and supersede, the Current License Agreement in order to, among other things, ensure that the Licensor, the Licensee and Kapadia are in compliance with the ADS Agreement;

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions.** In this Agreement, unless the context otherwise requires, the terms set forth below will have the meanings set forth below:

(a) "**ADS Agreement**" has the meaning ascribed thereto in the recitals to this Agreement;

(b) "**Current License Agreement**" has the meaning ascribed thereto in the recitals to this Agreement;

(c) "**Effective Date**" means the date hereof;

(d) "**Encumbrances**" means any mortgage, charge, pledge, hypothecate, lien, encumbrance, restriction, option, right of others or security interest of any kind;

(e) "**ISMS**" has the meaning ascribed thereto in Section 8.2(a);

(f) "**Know-How**" means information, know-how, technology, trade secrets, drawings, plans, specifications, blue prints, material lists, process and methods, techniques and other confidential information directly or indirectly relating to the Licensed Property or required for the sourcing, production, manufacture or marketing of the Licensed Property and all improvements, modifications, extensions or variations of the same if, as and when developed by either the Licensor or the Licensee during the currency of this Agreement and will include any patents or design patents now or hereafter obtained related to the foregoing;

(g) "**License**" means the rights over the Licensed Property, Patents, Trademarks and Know-How granted by the Licensor to the Licensee in Section 2.2 hereof;

(h) "**Licensed Property**" has the meaning ascribed thereto in the recitals to this Agreement;

(i) "**Original License Agreement**" has the meaning ascribed thereto in the recitals to this Agreement;

(j) "**Paradigm**" has the meaning ascribed thereto in the recitals to this Agreement;

(k) "**Patents**" means those existing or future patents, industrial design registrations or design patent applications or letters patent which relate to the Licensed Property, or the Know-How, including but not limited to the patents set out in Schedule "A" hereto;

(l) "**Persons**" means individuals, partnerships, corporations, associations and all other entities whether incorporated or not incorporated;

(m) "**Records**" means, without limiting the generality thereof, all vouchers, purchaser orders, delivery vouchers, bills of lading, bills of sale, statements of account, receipts, ledgers, journals and other books of account and generally all records and data maintained by or on behalf of the Licensee relating to the production, installation, implementation, marketing , promotion and sale of the Licensed Property;

(n) "**Term**" means the duration of this Agreement as set out in Section 9.1;

(o) "**Trademarks**" means those existing or future trademarks, whether or not registered, and trademark applications which relate to the Licensed Property and/or the Know-How, including but not limited to the trademarks set out in Schedule "A" hereto;

(p) "**Transportation Applications**" means all applications of the Licensed Property to vehicle monitoring, feedback and control or in connection with the transportation industry, including railroad, automobile, trucking, marine and aviation, whether private, commercial, civil or military; and

(q) "**vehicle**" includes automobiles, trucks, trains, aircrafts and ships of any kind.

1.2 **Entire Agreement.** This Agreement together with the agreements and other documents to be delivered pursuant to this Agreement, constitute the entire agreement between the parties hereto pertaining to the licensing of the Licensed Property and the Know-How and supersedes all prior agreements (including the Original License Agreement and the Current License Agreement), understandings, negotiations and discussions, whether oral or written, and there are no warranties, representations and other agreements between the parties hereto in connection with the subject matter hereof except as specifically set forth in this Agreement or any other agreement or document to be delivered pursuant to this Agreement.

1.3 **Extended Meanings.** In this Agreement, words importing the singular number include the plural and *vice versa*; words importing the masculine gender include the feminine and neuter genders.

1.4 **Headings.** The division of this Agreement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement.

1.5 **References.** References to an article, section , subsection, paragraph, schedule or exhibit will be construed as references to an article, section, subsection, paragraph, schedule or exhibit to this Agreement, unless the context otherwise requires.

1.6 **Currency.** Unless otherwise specified, the word "dollar", or the symbol "$" refers to the lawful currency of Canada.

1.7 **Schedules.** The following is a list of schedules attached to and incorporated into this Agreement by reference and deemed as part of this Agreement:

Schedule "A" – Patents and Trademarks

2. <u>GRANT OF LICENSE AND EXCLUSIVITY</u>

2.1 As of the Effective Date, this Agreement amends and restates, and supersedes, the Current Licensing Agreement.

2.2 Subject to Section 11.1 and the covenants and provisions of this Agreement to be observed and performed by the Licensee, the Licensor hereby grants to the Licensee the exclusive right and license for the Term in respect of the Licensed Property, the Patents, the Trademarks and the Know-How:

(a) to use, develop, produce, install, implement, market, promote and sell the Licensed Property worldwide solely for Transportation Applications;

(b) to use the Know-How in using, producing, installing, implementing, marketing, promoting and selling the Licensed Property worldwide solely for Transportation Applications; and

(c) to use and display Trademarks in connection with the use, development, production, installation, implementation, marketing, promotion and sale of the Licensed Property worldwide solely for Transportation Applications.

2.3 The Licensor further agrees to immediately make available to the Licensee the Know-How relating to the Transportation Applications of the Licensed Property and the Licensee acknowledges that such Know-How will at all times both during and after the currency of this Agreement remain the property of the Licensor which may be used by the Licensee only in accordance with the terms and conditions of this Agreement.

2.4 The Licensor further agrees to communicate to the Licensee any new development in the Know-How, Patents, Trademarks or Licensed Property occurring during the currency of this Agreement as they relate to Transportation Applications, for use by the Licensee without additional consideration subject to the terms of this Agreement. The Licensor will communicate every such new development immediately upon its occurrence or upon it becoming known to the Licensor (it is understood by the parties hereto that the Licensor is under no obligation to undertake any such development).

2.5 During the Term and provided that the Licensee is not in default in observance of all terms, covenants and provisions required of it herein, but subject to Articles 10 and 11, the Licensor agrees that it will not:

(a) grant to any other Person any right or license to use, develop, produce, install, implement, market, promote and sell the Licensed Property, Patents, Trademarks or Know-How for Transportation Applications anywhere in the world;

(b) purport to grant to others any rights inconsistent with those granted to the Licensee in Section 2.2;

(c) itself use, develop, produce, install, implement, market, promote and sell the Licensed Property, Patents, Trademarks or Know-How for Transportation Applications anywhere in the world; and

(d) communicate the Know-How to any other Person for use in connection with Transportation Applications anywhere in the world.

2.6 The Licensee undertakes not to employ, without the written consent of the Licensor, the Know-How, Patents, Trademarks or Licensed Property for any purpose other than for Transportation Applications, and further undertakes not to knowingly divulge the Know-How to any other Person except as authorized by the terms of this Agreement. The Licensor and Licensee both undertake to use their best efforts to prevent any unauthorized disclosure or use of the Know-How.

2.7 The Licensee will be permitted to grant to others sub-licenses of the License granted to it in Section 2.2, provided that each sub-licensee assumes in writing the obligations of the Licensee contained herein in form acceptable to the Licensor. The Licensee will forward to the Licensor a certified copy of each sub-licensing agreement. It is understood and agreed that should any sub-licensee breach its sub-licensing agreement with the Licensee, the Licensee covenants and agrees to forthwith terminate such sub-licensing agreement.

3. COMMUNICATION OF KNOW-HOW

3.1 On the Effective Date, the Licensee acknowledges being in possession of the Know-How existing as at the Effective Date. Following the Effective Date, within a reasonable time after receipt of a request therefor made by the Licensee from time to time during the Term, the Licensor will deliver to the Licensee such Know-How, if any, which comes into existence after the Effective Date as same is recorded in writing or in any other tangible form. Such delivery will be effected at such locations as the parties agree upon either by physical delivery or by other convenient means provided always that title and risk of loss of such Know-How will remain with the Licensor until delivery and then will pass to the Licensee.

3.2 For the purpose of acquiring such Know-How, if any, which comes into existence after the Effective Date and which Know-How is not properly the subject of physical delivery, the Licensor may send an authorized officer or technically qualified employee to the Licensee's or any sub-licensee's premises to communicate such Know-How at the expense of the Licensee.

3.3 In the event of a request for delivery of such Know-How, if any, which comes into existence after the Effective Date pursuant to Section 3.1, the Licensor will make available to the Licensee one of its representatives who is competent with respect to such Know-How to supervise the implementation of such Know-How, provided that the Licensee will pay for all economy travel and reasonable living expenses and the reasonable wages of such representative.

4. KNOW-HOW CONFIDENTIAL

4.1 The Licensee hereby acknowledges that the Know-How is secret and confidential to the Licensor, that its disclosure to Licensee is for the sole purpose of enabling the Licensee to use, produce, install, implement, market, promote and sell the Licensed Property for Transportation Applications using the Know-How, and that the Licensee has no right to resell or transfer such Know-How but only to use the same as set out in Articles 2 and 11.

4.2 The Licensee will ensure that all Know-How is recorded in tangible form and all copies are marked as being confidential and the property of the Licensor.

4.3 The Licensee will use all reasonable efforts to maintain the secrecy of the Know-How, and will disclose the Know-How only to those of its officers or employees whose duties require them to know the same and only if such persons have given to the Licensee an enforceable undertaking not to disclose any part of the Know-How to any unauthorized Persons. Further, the Licensee covenants and agrees that it will not, and covenants to use its best efforts to ensure that its employees and sub-licensees will not, disclose, distribute, sell, use or otherwise make available to any other Persons, including any proposed sub-licensees of the Licensee, any of the Know-How without the Licensors' prior written consent. The Licensee will require its employees and sub-licensees to execute a non-disclosure covenant in a form approved by the Licensor. The provisions of this section will remain binding upon the parties hereto notwithstanding any assignment of this Agreement whether or not consented to by the Licensor and will survive termination or expiry of this Agreement and expiry of the Patents. The Licensee and its employees and sub-licensees, as the case may be, will be released from the obligations of this clause only with respect to such portion of the Know-How which:

(a) is available to the public in publication or tangible form as of the date it is disclosed to the Licensee;

(b) becomes available to the public in tangible form anywhere in the world through no cause due to the Licensee, its employees, agents or those whom they have a right to control or to whom they have disclosed information;

(c) is already in the possession of the Licensee from sources other than the Licensor and there is documentary evidence to that effect; or

(d) has been received from a Person who is not under an obligation of confidence to the Licensor.

5. <u>QUALITY CONTROL IDENTIFICATION AND OWNERSHIP</u>

5.1 The Licensee will:

(a) use its best efforts to use, produce, install and implement the Licensed Property for Transportation Applications strictly in accordance with the Know-How and to the standards of quality normally required by the Licensor;

(b) permit the duly authorized representatives of the Licensor to inspect the facilities and operations of the Licensee or any of its sub-licensees, agents or sub-contractors at the Licensor's expense during normal working hours;

(c) give warranties to its customers as to the quality and fitness of the Licensed Property, used, produced, installed or implemented by the Licensee; and

(d) adhere at all times to the quality control standards and specifications communicated in writing by the Licensor to the Licensee.

5.2 If the Licensee believes it can improve the quality of its use, production, installation or implementation of the Licensed Property by altering in a certain respect or in certain respects the Know-How, it will advise the Licensor of the alterations it proposes and will be permitted to make such alterations only upon receiving the written consent of the Licensor. The Licensor will not unreasonably withhold such consent. For greater certainty, if after having received the Licensee's written request for such consent pursuant to this Section 5.2, the Licensor fails to provide its consent (or to provide a notice that it refuses consent, setting out the reasons therefor) in writing within fifteen (15) days of the date of such request, the Licensor will be deemed to have consented to the proposed alterations for which consent was so sought.

5.3 The Licensee covenants and agrees that it will use its best efforts to market and promote the Licensed Property and will set its prices and its items of credit at levels which are commercially reasonable and competitive in order to hold and expand its share of the market for the Licensed Property. The Licensee further covenants and agrees to use its best efforts to create, extend and develop a market for the Licensed Property by intensive, consistent and continuous promotion and advertisement so as to create a public interest in the Licensed Property.

5.4 The Licensee covenants and agrees that it will mark the Licensed Property with all applicable Trademarks in a manner and in a form agreed to by the Licensor and will also imprint thereon the markings required to identify all applicable Patents. The size and style of the markings will be such that they are readily identifiable and readable and will otherwise comply with the Licensor's standards for use of the Trademarks.

5.5 The Licensee covenants and agrees that all cartons, tags, labels and other printed literature, including advertising or price lists utilized by the Licensee in the use, production, installation, implementation, marketing, promotion and sale of the Licensed Property, will bear the Trademarks and the identification of Patents in a manner and in a form to be approved by the Licensor before printing and distribution and will include all such changes or amendments as the Licensor will reasonably deem necessary to protect its property rights.

5.6 The Licensee covenants and agrees that it will not contest, directly or indirectly, the validity of the Licensor's ownership of the Licensed Property, Patents, Trademarks and Know-How.

5.7 Subject to the provisions of the Section 7 below, all applications for the registration of Patents will be made and pursued by the Licensee in the name of the Licensor and at the sole expense of the Licensee. The Licensee agrees to diligently pursue the registration of all applications for the Patents, and other intellectual property rights. The Licensor and Licensee agree to provide to each other such as reasonable assistance as other may require in connection therewith. The Licensee may submit applications for Trademarks in the name of the Licensor, subject to the consent of the Licensor. In the event that such application is made and a Trademark or Trademarks are issued for any reason in the name of the Licensee, the Licensee hereby irrevocably agrees to forthwith transfer such Trademark or Trademarks to the Licensor.

5.8 It is agreed and understood by the parties hereto that nothing in this Agreement will confer on the Licensee a proprietary interest in the Licensed Property, Patents, Trademarks or Know-How, the Licensee hereby specifically acknowledging the Licensor's superior rights thereto.

5.9 The Licensee agrees to be a permitted user of the Trademarks and agrees to execute such permitted user agreements as may be required by the Licensor. All such permitted user agreements shall be prepared at the sole expense of the Licensee.

6. IMPROVEMENTS

6.1 If, during the Term, the Licensee develops any improvements in or inventions relating to the Licensed Property, the Patents, the Trademarks or the Know-How, it will disclose and make such improvements or inventions available to the Licensor who will have the right to use the same to the extent permitted under Section 2 above. If any such improvement developed by the Licensee is eligible for protection under the patent, trademark or industrial design laws of any jurisdiction in which the Licensee is carrying on business under the License, the Licensee shall immediately notify the Licensor of such improvement and that application is being made in respect thereof. The Licensee will, at the Licensor's request, make or cause the inventor to make the necessary application for patent, trademark or other intellectual property rights for the same and will pursue each application until letters patent or other relevant registrations have been issued or conclusively denied. At the request of the Licensor, the Licensee will assign or procure the assignment of any such registration or letters patent to the Licensor in which event the Licensor will reimburse the Licensee for all legal fees, court costs, and filing fees incurred by Licensee in procurement of such registration or letters patent.

7. INDEMNITIES AND WARRANTIES

7.1 The Licensor hereby covenants and agrees to indemnify and hold harmless the Licensee and its officers, directors, servants, agents or employees from any losses or damages consequent upon any breaches of the Licensor's warranties and representations made herein or from any damages resulting from any negligent acts or omissions of the Licensor or its officers, directors, servants, agents or employees or from any misuse of the Licensed Property, Patents, Trademarks or Know-How by the Licensor or its officers, directors, servants, agents or employees.

7.2 Subject to the indemnity provided by the Licensor to the Licensee in Section 7.1, the Licensee hereby covenants and agrees to indemnify and hold harmless the Licensor and its officers, directors, servants, agents or employees from any and all claims which may be made against the Licensor or its officers, directors servants, agents or employees arising out of any breaches of the Licensee's warranties and representations made herein or out of the use, failure, or misuse of the Licensed Property, Patents, Trademarks or Know-How by the Licensee or its officers, directors, servants, agents or employees, whether or not the same results from any wrongful or negligent act of the Licensee and its officers, directors, servants, agents or employees.

7.3 The Licensor hereby represents and warrants to the Licensee as follows and acknowledges that the Licensee is relying on these representations and warranties in entering into this Agreement and performing its obligations hereunder:

(a) **Capacity and Authorization** – The Licensor has full capacity, power, right and authority to enter into this Agreement and to perform its obligations under it;

(b) **Binding Obligation** – This Agreement has been duly executed and delivered by the Licensor and constitutes a valid and binding obligation enforceable against it in accordance with its terms subject to the rights of creditors and applicable laws;

(c) **Title** – The Licensor is the sole legal and beneficial owner of all rights in and to the Licensed Property, Patents, Trademarks and Know-How free and clear of all Encumbrances;

(d) **Patents and Trademarks** – The Patents and Trademarks identified in Schedule "A" hereto have been validly obtained and/or issued under all relevant laws, are currently in good standing and list, as the sole owner thereof, the Licensor. The Licensor is not aware of any objection or challenge to the Patents and Trademarks identified in Schedule "A" hereto, and is not aware of any reason which would form the basis for any objection or challenge to the Patents and Trademarks identified in Schedule "A" hereto;

(e) **No Infringement** – The Licensed Property, Patents, Trademarks and Know-How do not infringe on any patent, copyright, trademark, or other intellectual property right owned by any other Person;

(f) **No Conflicting Grants** – Subject to Article 11, the Licensor has not granted to any Person, other than the Licensee, any rights or licenses over the Licensed Property, Patents, Trademarks and Know-How which would in any way conflict with the rights of the Licensee prior to termination of the License as set forth in Article 9 hereof;

(g) **No Claims** – The Licensor is not aware of any claim made by any Person disputing the Licensor's right, title and interest in and to the Licensed Property, Patents, Trademarks and Know-How and the validity or enforceability of the same, or asserting that the Licensed Property, Patents, Trademarks and Know-How infringe on a patent, copyright, trademark or other intellectual property right owned by such Person;

(h) **Absence of Conflict** – The Licensor is not a party to, bound or affected by any agreement which would be violated, breached or terminated by, or which would constitute a bar or other hindrance to the transactions contemplated herein, as a consequence of the execution and delivery of this Agreement of the consummation of the transactions contemplated in this Agreement. The consummation of transactions contemplated herein do not and will not conflict with, or result in a breach of, or constitute a default under the terms or conditions of any court or administrative order or process, any agreement or instrument to which the Licensor is party or by which it is bound;

(i) **No Bankruptcy** – No proceedings have been taken, are pending or authorized by the Licensor or by any other Person in respect to the bankruptcy, insolvency, liquidation, dissolution or winding up of the Licensor;

(j) **Litigation** – There are no judgements, decrees, injunctions, ruling or orders of any court, governmental authority or arbitration, or any actions, suits, grievances or proceedings (whether or not on behalf of Licensor) pending or threatened against the Licensor which may result in the imposition of any Encumbrances on the Licensed Property, Patents, Trademarks or Know-How; and

(k) **Regulatory Approvals** - No governmental of regulatory authorization, approval, order, consent or filing is required on the part of the Licensor, in connection with the execution, delivery and performance of this Agreement and the performance of the Licensor's obligations under this Agreement.

8. **LICENSE FEE AND OTHER ARRANGEMENTS**

8.1 The consideration for the original grant of this License under the Original License Agreement consisted of 2,000,000 common shares in the capital of the Licensee (and the Original Licensors have previously acknowledged and accepted having received such 2,000,000 common shares in the capital of the Licensee as full consideration of their grant of the License under the Original License Agreement and the Current License Agreement).

8.2 The consideration for the continued grant of this License under this Agreement, and for the Licensor agreeing to bind itself to the ADS Agreement, shall consist of royalties (the "**Royalties**") payable by the Licensee to the Licensor as set out in this Section 8.2 and in Section 8.3. The Royalties shall be based upon the actual amounts received by the Licensee from time to time on all sales of goods and services under the ADS Agreement during the Term as follows:

(a) three (3%) percent of gross revenues (not including taxes) from all sales of airborne in-flight safety monitoring system (the "**ISMS**") units under the ADS Agreement;

(b) ten (10%) percent of all service fees under the ADS Agreement in relation to ISMS units under the ADS Agreement; and

(c) ten (10%) percent of all usage fees under the ADS Agreement in relation to ISMS units under the ADS Agreement.

8.3 The Royalties shall be payable by the Licensee to the Licensor in the same currency in which the Royalties are received by the Licensee, are exclusive of any and all taxes, if any (except Licensor's income taxes), and shall be paid on a calendar quarterly basis not later than: (a) ten (10) days following the date of each filing of the Licensee's quarterly or annual financial statements, as the case may be, with applicable securities regulators; or (b) in the event of the failure of the Licensee to so file its financial statements or ceasing to have any obligation to continue to so file its financial statements, ten (10) days following the date which is the last day on which the Licensee is permitted under applicable securities laws (or would be permitted under applicable securities laws if the Licensee continued to have an obligation to so file its financial statements) to file is quarterly or annual financial statements, as the case may be, with applicable securities regulators.

9. **TERM AND TERMINATION**

9.1 This Agreement, and the rights and license hereby granted to the Licensee hereunder, will commence on the Effective Date and will continue in effect until the earlier of:

(a) the expiry of the last of the Patents; or

(b) the termination of this Agreement in accordance with the provisions of this Section 9.

9.2 The Licensor will have the right to terminate this Agreement upon the happening of any one or more of the following events:

(a) the Licensee's failure to comply with any of the other terms and conditions contained herein by the 30th day next following the date of its receipt of notice form the Licensor of its failure to comply;

(b) the bankruptcy or insolvency of the Licensee or the appointment of a receiver or liquidator to take charge of the affairs of the Licensee or the making of an assignment for the benefit of the Licensee's creditors generally;

(c) the Licensee ceasing or threatening to cease to carry on business directly or indirectly through one or more subsidiaries, unless such business will be continued by a Person which has acquired all of the issued and outstanding shares of the Licensee or a Person with which the Licensee has amalgamated, where such

Person in either instance is acceptable to Paradigm under Clauses 5.20.5, 5.20.6 and 5.20.7 of the ADS Agreement; or

(d) the Licensee changing its main business from the use, production, installation, implementation, marketing, promotion and sale of the Licensed Property for Transportation Applications directly or indirectly through one or more subsidiaries, unless such business will be continued by a Person which has acquired all of the issued and outstanding shares of the Licensee or a Person with which the Licensee has amalgamated, where such Person in either instance is acceptable to Paradigm under Clauses 5.20.5, 5.20.6 and 5.20.7 of the ADS Agreement.

9.3 Upon termination of this Agreement for any reason or cause other than the expiry of the last of the Patents:

(a) the License granted herein will immediately cease;

(b) the Licensee will immediately discontinue using, producing, installing, implementing, marketing, promoting or selling the Licensed Property; and

(c) the Licensee will immediately discontinue and undertake not to use the Know-How and the Trademarks or any other similar or related trademarks or trade names which may be confused with the Trademarks in association with its products;

provided, however, that the Licensee will have an additional sixty (60) days beyond the termination date to complete any work in progress as at the date of termination.

9.4 Upon termination of this Agreement for any reason or cause whatsoever, the obligations of the Licensor hereunder to communicate any further Know-How will forthwith terminate. The Licensee and all sub-licensees will continue to be bound by the provisions of Section 4 hereof.

9.5 No failure on the part of the Licensor to exercise any right of termination hereunder will be construed to prejudice or to eliminate such right or any subsequent right of termination for the same or any other cause provided for herein.

10. INFRINGEMENT

10.1 The Licensor and the Licensee will promptly notify each other in writing of any infringement or perceived infringement of any proprietary interest either may have arising from or with respect to the subject matter of this Agreement and which comes to the attention of either of them. If any party (hereinafter referred to as the "**Infringer**") other than the Licensor, the Licensee or anyone else licensed or sub-licensed by the Licensor or Licensee, uses, produces, installs, implements, markets, promotes or sells any product or service that is the same as or similar to the Licensed Property, which infringes upon the Patents, or identifies same with the Trademarks or any similar or related trademark or trade name which infringes upon the Licensor's proprietary interest in the Trademarks, the Licensor will have the first right to institute proceedings against the Infringer and may add the Licensee as a party thereto whereupon the cost of the proceedings will be shared equally; provided, however, that if the Licensee wishes to withdraw from the proceedings, it may do so on thirty (30) days' notice to the Licensor and in such event, the Licensee will incur no further costs related to the proceedings and will relinquish all claims for damages recovered by the Licensor and will have no right to make any claims against the Licensor therefore. If the Licensee does not withdraw from the proceedings, any damages recovered will be shared by the Licensee and Licensor in such manner as the trier of the proceedings will determine or, in the absence of any such award, in such manner as the Licensor and Licensee may agree in writing and failing their agreement in writing in such manner as may be determined by arbitration.

10.2 In the event that the Licensor shall choose not to commence proceedings against the Infringer, the Licensee may do so on its own behalf in which event all costs incurred will be borne entirely by the Licensee and all damages recovered by the Licensee will accrue solely for the benefit of the Licensee.

11. ADS AGREEMENT

11.1 The parties hereto acknowledge and agree to the terms of the ADS Agreement and agree that this Agreement and the License granted hereunder shall be subject, in all respects, to the terms of the ADS Agreement (but only in the circumstances, and/or pursuant to the terms, explicitly provided for in the ADS Agreement and only for so long as provided for in the ADS Agreement or the duration of the ADS Agreement, whichever is the earlier). Without limiting the generality of the foregoing, the parties hereto agree that the ADS Agreement includes provisions in which the Licensee, the Licensor and Kapadia granted to Paradigm a non-exclusive, royalty free licence for the term of the ADS Agreement to use the ISMS to enable Paradigm to perform its obligations under the ADS Agreement and to provide the "Airborne Data Service" under the ADS Agreement to customers and granted, and agreed to use their best endeavours to procure the grant of, all licences of intellectual property rights that will be required by Paradigm to enable Paradigm to lawfully use the STAR Escrow Content (as such term is defined under the ADS Agreement) following release from escrow and to use any and all other intellectual property rights that Paradigm requires to perform its obligations under the ADS Agreement and to ensure continuity of the ISMS and "Airborne Data Service" following termination as provided for in the ADS Agreement.

12. GENERAL

12.1 This Agreement and all rights or obligations arising hereunder may not be assigned or otherwise transferred by either party hereto, and will not enure to the benefit of any liquidator, trustee in bankruptcy, receiver or other successor in title of the assigning party whether by operation of law or otherwise, without the prior written consent of the other party hereto. Any such purported assignment or transfer without the other party's prior written consent will be null and void. For the purpose of this Section 12.1, the sub-licensing of the License by the Licensee pursuant to the provisions of Section 2.7 shall not be deemed an assignment of this Agreement or any rights or obligations there under. Notwithstanding the prohibition on assignment or transfer, the Licensor may at any time or from time to time assign or transfer all or part of his interests in this Agreement to an Eligible Transferee provided that, at or prior to the time of such assignment or transfer, the Eligible Transferee agrees in writing to be bound by the terms of this Agreement as if the Eligible Transferee had entered into this Agreement in the place and stead of the Transferor and further provided that no such assignment or transfer will relieve the Licensor from any of its ongoing obligations in this Agreement. The Licensor will at all times after the assignment or transfer to the Eligible Transferee be jointly and severally liable with the Eligible Transferee for the observance and performance of the covenants and obligations of the Eligible Transferee under this Agreement and will indemnify the Licensee against any loss, damage or expense incurred as a result of the failure by the Eligible Transferee to comply with the provisions of this Agreement. "Eligible Transferee" means (i) a corporation of which the Licensor is the controlling shareholder, (ii) Kapadia, Kapadia's spouse and children or any of them, (iii) any trust of which the Licensor is a trustee and the sole beneficiaries of which are the Licensor, Kapadia, Kapadia's spouse or Kapadia's children or remoter issue or any of them or (iv) the beneficiary of Kapadia under Kapadia's will or, if Kapadia does not have a will, under any applicable estate law legislation.

12.2 The Licensor and the Licensee are not and will not be considered to be joint venturers, partners or agents of each other and neither of them will have the power to bind or obligate the other except as set forth in this Agreement. The Licensee specifically covenants and agrees that it will in no way incur any contractual or other obligation in the name of the Licensor and the Licensor will have no liability for any debts incurred by or on behalf of the Licensee.

12.3 Should any provision or provisions of this Agreement be illegal or unenforceable, it or they will be considered separate and severable from the Agreement and its remaining provisions will remain in force and be binding upon the parties hereto as though the said illegal or unenforceable provision or provisions had never been included.

12.4 This Agreement will enure to the benefit of and be binding upon each of the parties hereto and upon their respective successors and permitted assigns.

12.5 The parties agree that they and their successors and permitted assigns will be bound to execute such further agreements, assurances, papers and documents, and to cause such by-law and resolutions to be enacted and to exercise such votes and influence and do and perform or cause to be done and performed such further another sets or things as may be necessary or desirable from time to time in order to act in good faith and to give full effect to this Agreement and every part thereof.

12.6 All notices, demand or other communications required to be made or given pursuant to the terms of this Agreement will be in writing and will be delivered personally, by facsimile transmission, or by courier, to the parties at their respective addresses has hereinafter set out, or such other addresses as the parties may subsequently be advised in writing. Any notice, demand or other communication delivered personally will be deemed to have been received on the actual day of delivery, if transmitted by facsimile on the day of transmission and if delivered by courier will be deemed to have been received on the first day of business next following the date as delivered by the sender to the courier. The following will be the addresses for the deliver of notices of each of the parties:

(a) for the Licensor:

4117 Mississauga Road
Mississauga, Ontario L5L 2S5
Attention: Viraf S. Kapadia
Facsimile No.: (905) 602-5000

(b) for the Licensee:

2970 Lakeshore Boulevard West, Suite 203
Toronto, Ontario M8V 1J7
Attention: Chair of the Audit Committee
Facsimile No.: (416) 252-3963

12.7 Time will in all respects be of the essence of this Agreement.

12.8 This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

12.9 The Licensor acknowledges having been advised to seek independent legal counsel in respect of this Agreement and the matters contemplated herein. To the extent that the Licensor declines to receive independent legal counsel in respect of this Agreement, the Licensor hereby waives the rights should a dispute later develop, to rely on its lack of independent legal counsel to avoid its obligations, to seek indulgence from the Licensee, or to otherwise attack the integrity of this Agreement and the provisions hereof, in whole or in part.

12.10 This Agreement may be executed by the parties in one or more counterparts by original or facsimile signature or by or through such other electronic form in which a party may place or evidence its signature hereon (including an electronic scan of same), each of which when so executed and delivered shall be an original and such counterparts shall together be deemed to be one and the same instrument, which shall be deemed to be executed as of the date first above written.

[THE REMAINDER OF THIS AGREEMENT IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

STAR NAVIGATION SYSTEMS GROUP LTD.

Per:______________________________
Authorized Signing Officer
I have authority to bind the corporation.

2283188 ONTARIO LIMITED

Per:______________________________
Authorized Signing Officer
I have authority to bind the corporation.

SCHEDULE "A"

THE PATENTS

Jurisdiction	Patent Title/Abstract	Date Granted or Registered	Patent/Registration No.
USA	System and method for transportation vehicle monitoring, feedback and control	September 26, 2006	7,113,852
Canada	System and method for transportation vehicle monitoring, feedback and control	July 17, 2007	CA 2416373
United Kingdom	System and method for transportation vehicle monitoring, feedback and control	February 9, 2005	GB 2384080
India	System and method for transportation vehicle monitoring, feedback and control	September 5, 2007	209558
Australia	System and method for transportation vehicle monitoring, feedback and control	July 20, 2001	2001280020
Hong Kong	System and method for transportation vehicle monitoring, feedback and control	September 9, 2005	HK 1057733

THE TRADEMARKS

Jurisdiction	Trademark	Date Granted/Registered	Registration No.
Canada	STAR - ISMS	September 19, 2010	TMA777438

LICENCE AGREEMENT

THIS AGREEMENT is made as of the 22nd day of April, 2002.

BETWEEN:

VIRAF S. KAPADIA, an individual resident in the Province of Ontario,

-and-

HILARY VIEIRA, an individual resident in the Province of Ontario,

(the foregoing two parties being hereinafter referred to as the "Licensors")

- and -

STAR NAVIGATION SYSTEMS INC., a corporation incorporated under the laws of the Province of Ontario (the "Licensee")

WHEREAS the Licensors have developed and are the owners of a system and method for transportation vehicle monitoring, feedback and control (the "Licensed Property") described by the Licensors' patent and trademark applications set out in Schedule "A" hereto (the "Patents" and "Trademarks");

AND WHEREAS the Licensors are the owner of certain know-how, technology, confidential information, drawings and specifications and related matters and information which enable the Licensors to manufacture and market the Licensed Property (the "Know-How");

AND WHEREAS the Licensee wishes to have the exclusive right to use, develop, produce, install, implement, market and sell the Licensed Property employing the Know-How in connection with the transportation industry worldwide;

AND WHEREAS the Licensors and the Licensee entered into a licensing agreement dated December 1, 2000 (the "Old Licensing Agreement") in respect of the Licensed Property and Know-How;

AND WHEREAS the Licensors and the Licensee have agreed to enter into a new licence agreement in respect of the Licensed Property and Know-How which would supersede the "Old Licensing Agreement");

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereto agree as follows:

1. **DEFINITIONS**

1.1 Definitions. In this Agreement, unless the context otherwise requires, the terms set forth below will have the meanings set forth below:

(a) "Effective Date" means be the later of the date hereof or such date on which the Licensors will have been paid the Licence Fee in full.

(b) "Encumbrances" means any mortgage, charge, pledge, hypothecate, lien, encumbrance, restriction, option, right of others or security interest of any kind.

(c) "Know-How" means information, know-how, technology, trade secrets, drawings, plans, specifications, blue prints, material lists, processes and methods, techniques and other confidential information directly or indirectly relating to the Components and the Licensed Property or required for the sourcing, production, manufacture or marketing of the Components and the Licensed Property and all improvements, modifications, extensions or variations of the same if, as and when developed by either the Licensors or the Licensee during the currency of this Agreement and will include any patents or design patents now or hereafter obtained related to the foregoing.

(d) "Patents" means those existing or future patents, industrial design registrations or design patent applications or letters patent which relate to the Licensed Property, the Know-How or the Components, including but not limited the patent applications set out in Schedule "A" hereto and the patents to be granted on the approval of said applications by the relevant authorities.

(e) "Persons" means individuals, partnerships, corporations, associations and all other entities whether incorporated or not incorporated.

(f) "Licence" means the rights over the Licensed Property, Patents, Trademarks and Know-How granted by the Licensors to the Licensee in Section 2 hereof.

(g) "Licence Fee" means the 2,000,000 common shares of the Licensee issued to the Licensors under the Old Licensing Agreement.

(h) "Licensed Property" means the system and method for transportation vehicle monitoring, feedback and control described by the Licensors' patent and trademark applications set out in Schedule "A" hereto;

(i) "Old Licensing Agreement" means the licensing agreement entered into by the Licensors and the Licensee on December 1, 2000, in respect of the Licensed Property and the Know-How.

(j) "Records" means without limiting the generality thereof, all vouchers, purchaser orders, delivery vouchers, bills of lading, bills of sale, statements of account, receipts, ledgers, journals and other books of account and generally all records and data maintained by the Licensee relating to the production, installation, implementation, marketing, promotion and sale of the Licensed Property;

(k) "Term" means the duration of this Agreement as set out in subsection 9.1.

(l) "Trademarks" means those existing or future trademarks, whether or not registered, and trademark applications which relate to the Licensed Property, the Know-How or the Components, including but not limited the trademark applications set out in Schedule "A" hereto and the trademarks to be registered on the approval of said applications by the relevant authorities.

(m) "Transportation Applications" means all applications of the Licensed Property to vehicle monitoring, feedback and control or in connection with the transportation industry, including railroad, automobile, trucking and aviation, whether private, commercial, civil or military. For the purpose of this agreement, "vehicle" will include automobiles, trucks, trains aircraft and ships of any kind.

1.2 **Entire Agreement**. This Agreement together with the agreements and other documents to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties pertaining to the licensing of the Licensed Property and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, and there are no warranties, representations and other agreements between the Parties in connection with the subject matter hereof except as specifically set forth in this Agreement or any other agreement or document to be delivered pursuant to this Agreement.

1.3 **Extended Meanings**. In this Agreement, words importing the singular number include the plural and vice versa; words importing the masculine gender include the feminine and neuter genders.

1.4 **Headings**. The division of this Agreement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement.

1.5 **References**. References to an article, section, subsection, paragraph, schedule or exhibit will be construed as references to an article, section, subsection, paragraph, schedule or exhibit to this Agreement, unless the context otherwise requires.

1.6 **Governing Law**. This Agreement will be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province.

1.7 **Currency**. Unless otherwise specified, the word "dollar", or the symbol "$" refers to the lawful currency of the United States of America.

1.8 **Schedules**. The following is a list of schedules attached to and incorporated into this Agreement by reference and deemed as part of this Agreement.

Schedule "A" - Patents and Trademarks

2. <u>GRANT OF LICENCE AND EXCLUSIVITY</u>

2.1 This Agreement supersedes the Old Licensing Agreement as of the Effective Date hereof.

2.2 Subject to the covenants and provisions of this Agreement to be observed and performed by the Licensee, the Licensors hereby grant to the Licensee the exclusive right and license for the Term of this Agreement in respect of the Licensed Property, the Patents, the Trademarks and the Know-How:

(a) to use, develop, produce, install, implement, market, promote and sell the Licensed Property worldwide solely for Transportation Applications;

(b) to use the Know-How in using, producing, installing, implementing, marketing, promoting and selling the Licensed Property worldwide solely for Transportation Applications; and

(c) to use and display the Trademarks in connection with the use, development, production, installation, implementation, marketing, promotion and sale of the Licensed Property worldwide solely for Transportation Applications.

2.3 The Licensors further agree to immediately make available to the Licensee the Know-How relating to the Transportation Applications of the Licensed Property and the Licensee acknowledges that such [illegible]ow-How will a[illegible] times both dur[illegible] nd after the [illegible] of this Agre[illegible] remain the property of the Licensors which may be used by the Licensee only in accordance with the terms and conditions of this Agreement.

2.4 The Licensors further agree to communicate to the Licensee any new development in the Know-How, Patents, Trademarks or Licensed Property occurring during the currency of this Agreement as they relate to Transportation Applications, for use by the Licensee without additional consideration subject to the terms of this Agreement. The Licensors will communicate every such new development immediately upon its occurrence or upon it becoming known to the Licensors.

2.5 During the Term of this Agreement and provided that the Licensee is not in default in observance of all terms, covenants and provisions required of it herein but subject to Section 10, the Licensors agree that they will not:

(a) grant to any other Person any right or license to use, develop, produce, install, implement, market, promote and sell the Licensed Property, Patents, Trademarks or Know-How for Transportation Applications anywhere in the world;

(b) purport to grant to others any rights inconsistent with those granted to the Licensee in this Section 2;

(c) themselves use, develop, produce, install, implement, market, promote and sell the Licensed Property, Patents, Trademarks or Know-How for Transportation Applications anywhere in the world; and

(d) communicate the Know-How to any other Person for use in connection with Transportation Applications anywhere in the world.

2.6 The Licensee undertakes not to employ, without the written consent of the Licensors, the Know-How, Patents, Trademarks or Licensed Property for any purpose other than for Transportation Applications, and further undertakes not to knowingly divulge the Know-How to any other Person except as authorized by the terms of this Agreement. The Licensors and Licensee both undertake to use their best efforts to prevent any unauthorized disclosure or use of the Know-How.

2.7 The Licensee will be permitted to grant to others the Licence granted to it in this Section 2, provided that each sub-licensee assumes in writing the obligations of the Licensee contained herein in form acceptable to the Licensors. The Licensee will forward to the Licensors a certified copy of each sub-licensing agreement. It is understood and agreed that should any sub-licensee breach its sub-licensing agreement with the Licensee, the Licensee covenants and agrees to forthwith terminate such sub-licensing agreement.

3. COMMUNICATION OF KNOW-HOW

3.1 On the Effective Date of this Agreement and within a reasonable time after receipt of a request therefor made by the Licensee from time to time during the Term of this Agreement, the Licensors will deliver the Know-How to Licensee as recorded in writing or in other tangible form. Such delivery will be effected at such locations as the parties agree upon either by physical delivery or by other convenient means provided always that title and risk of loss to the Know-How will remain with the Licensors until delivery and then will pass to the Licensee.

3.2 For the purpose of acquiring such Know-How as may not be subject to physical delivery, the Licensors may send an authorized officer or a technically qualified employee to the Licensee's or any sub-licensee's plant in the Territory to communicate such Know-How at the expense of the Licensee.

4.3 For a period of up to six weeks from the Effective Date or request for supplementary Know-How, the Licensors will make available to the Licensee one of its representatives to supervise the implementation of the Know-How provided that the Licensee will pay for all economy travel and reasonable living expenses and the reasonable wages of such representative.

4. **KNOW-HOW CONFIDENTIAL**

5.1 The Licensee hereby acknowledge that the Know-How is secret and confidential to the Licensors, that its disclosure to Licensee is for the sole purpose of enabling the Licensee to use, produce, install, implement, market, promote and sell the Licensed Property for Transportation Applications using the Know-How, and that the Licensee has no right to resell or transfer such Know-How but only to use the same as set out in Section 2 above.

4.2 The Licensee will ensure that all Know-How is recorded in tangible form and all copies marked as being confidential and the property of the Licensors.

5.3 The Licensee will use all reasonable efforts to maintain the secrecy of the Know-How, and will disclose the Know-How only to those of its officers or employees whose duties require them to know the same and only if such persons have given to the Licensee an enforceable undertaking not to disclose any part of the Know-How to any unauthorized Persons. Further, the Licensee covenants and agrees that it will not, and covenants to use its best efforts to ensure that its employees and sub-licensees will not disclose, distribute, sell, use or otherwise make available to any other Persons, including any proposed sub-licensees of the Licensee, any of the Know-How without the Licensors' prior written consent. The Licensee will require its employees and sub-licensees to execute a non-disclosure covenant in a form approved by the Licensors. The provisions of this section will remain binding upon the parties hereto notwithstanding any assignment of this Agreement whether or not consented to by the Licensors. The Licensee and its employees and sub-licensees, as the case may be, will be released from the obligations of this clause only with respect to such portion of the Know-How which:

(a) is available to the public in publication or tangible form as of the date it is disclosed to the Licensee;

(b) becomes available to the public in tangible form anywhere in the world through no cause due to the Licensee, its employees, agents or those whom they have a right to control or to whom they have disclosed information;

(c) is already in the possession of the Licensee from sources other than the Licensors and there is documentary evidence to that effect; or

(d) has been received from a Person who is not under an obligation of confidence to the Licensors.

5. **QUALITY CONTROL, IDENTIFICATION AND OWNERSHIP**

5.1 The Licensee will:

(a) use its best efforts to use, produce, install and implement the Licensed Property for Transportation Applications strictly in accordance with the Know-How and to the standards of quality normally required by the Licensors;

(b) permit the duly authorized representatives of Licensors to inspect the facilities and operations of the Licensee or any of its sub-licensees, agents or sub-contractors at the Licensors' expense during normal working hours;

(c) give warranties to its customers as to the quality and fitness of the Licensed Property, used, produced, installed or implemented by the Licensee; and

(d) adhere at all times to the quality control standards and specifications communicated in writing by the Licensors to the Licensee.

66.2 If the Licensee believes it can improve the quality of its use, production, installation or implementation of the Licensed Property by altering in a certain respect or in certain respects the Know-How, it will advise the Licensors of the alternations it proposes and will be permitted to make such alternations only upon receiving the written consent of the Licensors. The Licensors will not unreasonably withhold such consent. For greater certainty, if after having receive the Licensee's written request for any such consent, the Licensors will fail to provide its consent in writing within fifteen (15) days of the date of such request, the Licensors will be deemed to have consented to the proposed alterations.

5.3 The Licensee further covenants and agrees that it will use its best efforts to market and promote the Licensed Property and will set its prices and its terms of credit at levels which are commercially reasonable and competitive in order to hold and expand its share of the market for the Licensed Property. The Licensee further covenants and agrees to use its best efforts to create, extend and develop a market for the Licensed Property by intensive, consistent and continuous promotion and advertisement so as to create a public interest in the Licensed Property.

5.4 The Licensee covenants and agrees that it will mark the Licensed Property with all applicable Trademarks in a manner and in a form agreed to by the Licensors and will also imprint thereon the markings required to identify all applicable Patents. The size and style of the markings will be such that they are readily identifiable and readable.

5.5 The Licensee covenants and agrees that all cartons, tags, labels and other printed literature, including advertising or price lists utilized by the Licensee in the use, production, installation, implementation, marketing, promotion and sale of the Licensed Property, will bear the Trademarks and the aforesaid certification and listing in a manner and in a form to be approved by the Licensors before printing and distribution and will include all such changes or amendments as the Licensors will reasonably deem necessary to protects its property rights.

5.6 The Licensee covenants and agrees that it will not contest, directly or indirectly, the validity of the Licensors' ownership of the Licensed Property, Patents, Trademarks and Know-How.

5.7 Subject to the provisions of Section 7 below, all applications the registration of Patents and Trademarks will be made and pursued by the Licensees in the name of the Licensors and at the sole expense of the Licensees. The Licensees agree to diligently pursue the registration of all outstanding applications for Patents, Trademarks and other intellectual property rights. The Licensors and Licensee agree [illegible] each other such [illegible]onable assistance [illegible] the other may [illegible] in connection [illegible]h.

5.8 It is agreed and understood by the parties hereto that nothing in this Agreement will confer on the Licensee a proprietary interest in the Licensed Property, Patents, Trademarks or Know-How, the Licensee hereby specifically acknowledging the Licensors' superior rights thereto.

5.9 The Licensee agrees to be a permitted user of the Trademarks and agrees to execute such permitted user agreements as may be required. All such permitted user agreements shall be prepared at the sole expense of the Licensors.

6. IMPROVEMENTS

6.1 If during the Term of this Agreement the Licensee develops any improvements in or inventions relating to the Licensed Property, the Patents, the Trademarks or the Know-How, it will disclose and make such improvements or inventions available to the Licensors who will have the right to use the same to the extent permitted under Section 2 above. If any such improvement developed by the Licensee is eligible for protection under the patent, trademark or industrial design laws of any jurisdiction in which the Licensee is carrying on business under the Licence, the Licensee will at the Licensors' request make or cause the inventor to make the necessary application for patent, trademark or other intellectual property rights for the same and will pursue each application to until letters patent or other relevant registrations have been issued or conclusively denied. At the request of the Licensors, the Licensee will assign or procure the assignment of any such registration or letters patent to the Licensors in which event the Licensors will reimburse the Licensee for all legal fees, court costs, and filing fees incurred by Licensee in procurement of such registration or letters patent.

7. INDEMNITIES AND WARRANTIES

7.1 The Licensors hereby covenant and agree to indemnify and hold harmless the Licensee, its servants, agents or employees from any losses or damages, consequent upon any failure or defect in the design or construction of any part of the Licensed Property or the Know-How or from any breaches of the Licensors' warranties and representations made herein or from any damages resulting from any negligent acts or omissions of the Licensors, their servants, agents or employees or from any misuse of the Licensed Property, Patents, Trademarks or Know-How by the Licensors, their servants, agents or employees.

7.2 Subject to the indemnity provided by the Licensors to the Licensee in subsection 7.1 above, the Licensee hereby covenants and agrees to indemnify and hold harmless the Licensors, their servants, agents or employees from any and all claims which may be made against the Licensors, their servants, agents or employees arising out of any breaches of the Licensees warranties and representations made herein or out of the use, failure, or misuse of the Licensed Property, Patents, Trademarks or Know-How by the Licensee, its servants, agents or employees, whether or not the same results from any wrongful or negligent act of the Licensee and its servants, agents or employees.

7.3 The Licensors hereby represent and warrant to the Licensee as follows and acknowledge that the Licensee is relying on these representations and warranties in entering into this Agreement and performing its obligations hereunder:

(a) <u>Capacity and Authorization</u> - The Licensors have full capacity, power, right and authority to enter into this Agreement and to perform their obligations under it.

(b) <u>Binding Obligation</u> – This Agreement has been duly executed and delivered by the Licensors and constitutes a valid and binding obligation enforceable against them in accordance with its terms subject to the rights of creditors [illegible] applicable laws.

(c) Title – The Licensors are the sole legal and beneficial owners of all rights in and to the Licensed Property, Patents, Trademarks and Know-How free and clear of all Encumbrances.

(d) Applications – The applications for the Patents and Trademarks identified in Schedule "A" hereto have been validly made and pursued under the relevant laws and are currently in good standing. The Licensors are not aware of any objection to said applications made by any relevant authority, and are not aware of any reason why letters patent or registrations (as the case may be) would not be granted in respect of such applications.

(e) No Infringement - The Licensed Property, Patents, Trademarks and Know-How do not infringe on any patent, copyright, trademark, or other intellectual property right owned by any other Person.

(f) No Conflicting Grants – The Licensor has not granted to any Person other than the Licensee any rights or licences over the Licensed Property, Patents, Trademarks and Know-How.

(g) No Claims – The Licensors are not aware of any claim made by any Person disputing the Licensor's right, title and interest in and to the Licensed Property, Patents, Trademarks and Know-How and the validity or enforceability of the same, or asserting that Licensed Property, Patents, Trademarks and Know-How infringe on a patent, copyright, trademark or other intellectual property right owned by such Person.

(h) Absence of Conflict – The Licensors are not a party to, bound or affected by any agreement which would be violated, breached or terminated by, or which would constitute a bar or other hindrance to the transactions contemplated herein, as a consequence of the execution and delivery of this Agreement or the consummation of the transactions contemplated in this Agreement. The consummation of transactions contemplated herein do not and will not conflict with, or result in a breach of, or constitute a default under the terms or conditions of any court or administrative order or process, any agreement or instrument to which the Licensors are party or by which they are bound.

(i) No Bankruptcy - No proceedings have been taken, are pending or authorized by the Licensor or by any other person in respect to the bankruptcy, insolvency, liquidation, dissolution or winding up of either of the Licensors.

(j) Litigation -- There are no judgements, decrees, injunctions, ruling or orders of any court, governmental authority or arbitration, or any actions, suits, grievances or proceedings (whether or not on behalf of Licensor) pending or threatened against either of the Licensors which may result in the imposition of any Encumbrances on the Licensed Property, Patents, Trademarks or Know-How.

(k) Regulatory Approvals – No governmental or regulatory authorization, approval, order, consent or filing is required on the part of the Licensors, in connection with the execution, delivery and performance of this Agreement and the performance of the Licensors' obligations under this Agreement.

8. LICENCE FEE AND OTHER ARRANGEMENTS

8.1 The consideration for the grant of the Licence shall consist of 2,000,000 common shares of the Licensee. The Licensors hereby acknowledge having received 2,000,000 common shares of the Licensee, which were issued by the Licensee pursuant to the Old Licensing Agreement, and accept said shares as full consideration [illegible]r their grant of the [illegible]cence to the Licen[illegible] under this Agreem[illegible]

9. TERM AND TERMINATION

9.1 The right and licence hereby granted to the Licensee hereunder will commence on the Effective Date and will continue in effect until the earlier of:

(a) the expiry of the last of the Patents; or

(b) the termination of this Agreement in accordance with the provisions of this Section 9.

9.2 The Licensors will have the right to terminate this Agreement upon the happening of any one or more of the following events:

(a) the Licensee's failure to comply with any of the other terms and conditions contained herein by the 30th day next following the date of its receipt of notice from the Licensors of its failure to comply;

(b) the bankruptcy or insolvency of the Licensee or the appointment of a receiver of liquidator to take charge of the affairs of the Licensee or the making of an assignment for the benefit of the Licensee's creditors;

(c) the Licensee ceasing or threatening to cease to carry on business, unless such business will be continued by a subsidiary of the Licensee or a Person which has acquired all of the issued and outstanding shares of the Licensee, including the shares issued to the Licensors pursuant to Section 8 above, or a Person with which the Licensee has amalgamated; or

(d) the Licensee changing its main business from the use, production, installation, implementation, marketing, promotion and sale of the Licensed Property for Transportation Applications, unless such business will be continued by a subsidiary of the Licensee or a Person which has acquired all of the issued and outstanding shares of the Licensee, including the shares issued to the Licensors pursuant to Section 9 above, or a Person with which the Licensee has amalgamated.

9.3 Upon termination of this Agreement for any reason or cause other than the expiry of the last of the Patents:

(a) the Licence granted herein will immediately cease;

(b) the Licensee will immediately discontinue using, producing, installing, implementing, marketing, promoting or selling the Licensed Property; and

(c) the Licensee will immediately discontinue and undertake not to use the Trademarks and Know-How or any other similar or related trademarks or trade names which may be confused with the Trademarks in association with its;

provided, however, that the Licensee will have an additional sixty (60) days (hereinafter referred to as the "Holdover Period") beyond the termination date to complete any work in progress as at the date of termination.

9.4 Upon termination of this Agreement for any reason or cause whatsoever, the obligations of the Licensors hereunder to communicate any further Know-How will forthwith terminate. The Licensee will continue to be bound by the provisions of Section [illegible] hereof.

9.5 No failure on the part of the Licensors to exercise any right of termination hereunder will be construed to prejudice to eliminate such right or any subsequent right of termination for the same or any other cause provided for herein.

10. INFRINGEMENT

10.1 The Licensors and the Licensee will promptly notify each other in writing of any infringement or perceived infringement of any proprietary interest either may have arising from or with respect to the subject matter of this Agreement and which comes to the attention of either of them. If any party (hereinafter referred to as the "Infringer") other than the Licensors, the Licensee or any one else licensed by the Licensors, uses, produces, installs, implements, markets, promotes or sells any product or service that is the same as or similar to the Licensed Property, which infringes upon the Patents, or identifies same with the Trademarks or any similar or related trademark or trade name with infringes upon he Licensors' proprietary interest in the Trademarks, the Licensors will have the first right to institute proceedings against the Infringer and may add the Licensee as a party thereto whereupon the cost of the proceedings will be shared equally; provided, however, that if the Licensee wishes to withdraw from the proceedings it may do so on thirty (30) days notice to the Licensors and in such event, the Licensee will incur no further costs related to the proceedings and will relinquish all claims for damages recovered by the Licensors and will have no right to make any claims against the Licensors therefor. If the Licensee does not withdraw from the proceedings, any damages recovered will be shared by the Licensee and Licensor in such manner as the trier of the proceedings will determine, or in the absence of any such award in such manner as the Licensor and Licensee may agree in writing and failing their agreement in writing in such manner as may be determined by arbitration.

10.2 In the event that the Licensors will choose not to commence proceedings against the Infringer, the Licensee may do so on its own behalf in which event all costs incurred will be borne entirely by the Licensee and all damages recovered by the Licensee will accrue solely for the benefit of the Licensee.

11. GENERAL

11.1 This Agreement and all rights or obligations arising hereunder may not be assigned or otherwise transferred by either party hereto, and will not enure to the benefit of any liquidator, trustee in bankruptcy, receiver or other successor in title of the assigning party whether by operation of law or otherwise, without the prior written consent of the other party or parties hereto. Any such purported assignment or transfer without the other party's or parties' prior written consent will be null and void. For the purpose of this subsection, the sub-licensing of the Licence by the Licensee pursuant to the provisions of subsection 2.6 above shall not be deemed an assignment of this Agreement or any rights or obligations thereunder.

11.2 The Licensors and the Licensee are not and will not be considered to be joint venturers, partners or agents of each other and neither of them will have the power to bind or obligate the other except as set forth in this Agreement. The Licensee specifically covenants and agrees that it will in no way incur any contractual or other obligation in the name of the Licensors and the Licensors will have no liability for any debts incurred by or on behalf of the Licensee.

11.3 Should any provision or provisions of this Agreement be illegal or unenforceable, it or they will be considered separate and severable from the Agreement and its remaining provisions will remain in force and be binding upon the parties hereto as though the said illegal or unenforceable provision or provisions had never been included.

11.4 This Agreement will enure to the benefit of and be binding upon each of the parties hereto and upon their respective successors and permitted assigns.

11.5 The parties agree that they and their successors and permitted assigns will be bound to execute such further agreements, assurances, papers and documents, and to cause such by-law and resolutions to be enacted and to exercise such votes and influence and do and perform or cause to be done and performed such further and other acts or things as may be necessary or desirable from time to time in order to act in good faith and to give full effect to this Agreement and every part thereof.

11.6 This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior negotiations, understandings and agreements of any nature or kind whatsoever with respect to the subject matter hereof. Any amendment or amendments to this Agreement to which the parties may agree from time to time will, in order to be binding, be made in writing.

11.7 All notices, demand or other communications required to be made or given pursuant to the terms of this Agreement will be in writing and will be delivered personally, by facsimile transmission, or by courier, to the parties at their respective addresses has hereinafter set out, or such other addresses as the parties may subsequently advised in writing. Any notice, demand or other communication delivered personally will be deemed to have been received on the actual day of delivery, if transmitted by facsimile on the day of transmission and if delivered by courier will be deemed to have been received on the first day of business next following the date the same as delivered by the sender to the courier. The following will be the addresses for the deliver of notices of each of the parties:

(a) For the Licensors:

Viraf S. Kapadia
4117 Mississauga Road
Mississauga, Ontario, L5L 2S5
Fax: (905) 602-5000

Hilary Vieira
3846 Trelawney Circle
Mississauga, Ontario, L5N 5J5
Fax: (905) 824-5312

(b) For the Licensee:

Star Navigation Systems Inc.
2970 Lakeshore Boulevard West, Unit 300
Toronto, Ontario, M8V 1J7
Fax: (416) 252-3963

11.8 Time will in all respects be the essence of this Agreement.

11.9 This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario, and the federal laws of Canada applicable therein.

11.10 The Licensors acknowledge having been advised to seek independent legal counsel in respect of this Agreement and the matters contemplated herein. To the extent that a Licensor declines to receive independent legal counsel in respect of the Agreement, that Licensor hereby waives the right, should a dispute later develop, to rely on its lack of independent legal counsel to avoid its obligations, to seek indulgences from the Licensee, or to otherwise attack the integrity of the Agreement and the provisions thereof, in whole or in part.

11.11 This Agreement may be executed by the parties in one or more counterparts by facsimile, each of which when so executed and delivered shall be an original and such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

Witness Jas Gill

Witness Robin Baker

LICENSORS:

Vinaf S. Kapadia

Hilary Vieira

STAR NAVIGATION SYSTEMS INC.

Per: Authorized Signing Officer
I have authority to bind the corporation.

H:\Corporate Secretaries\Companies\S\Star Navigation Systems Inc\licence agt no option apr 22-02.doc

SCHEDULE "A"

THE PATENTS

1. U.S. Patent Application

Serial No.:	60/219736
Date Filed:	July 20, 2000
Title:	"SYSTEM AND METHOD FOR TRANSPORTATION VEHICLE MONITORING AND FEEDBACK"
Inventor:	Viraf S. Kapadia

2. U.S. Patent Application

Serial No.:	60/275520
Date Filed:	March 14, 2001
Title:	"SYSTEM AND METHOD FOR TRANSPORTATION VEHICLE MONITORING, FEEDBACK AND CONTROL"
Inventor:	Viraf S. Kapadia and Hilary Vieira

3. Patent Cooperation Treaty Patent Application

Serial No.:	PCT/IB01/01576
Filed:	July 20, 2001
Title:	"SYSTEM AND METHOD FOR TRANSPORTATION VEHICLE MONITORING, FEEDBACK AND CONTROL"
Inventor:	Viraf S. Kapadia and Hilary Vieira

THE TRADEMARKS

1. U.S. Trademark Registration Application

Serial No.:	76/224686
Filed:	March 15, 2001
Mark:	"ISMS"

2. U.S. Trademark Registration Application

Serial No.:	76/224685
Filed:	March 15, 2001
Mark:	"Star Navigation Systems"

This is **Exhibit "D"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January, 2020

A Commissioner for Taking Affidavits

December 8, 2019

Sent By E-mail

Star Navigation Systems Group Ltd.
11 Kenview Blvd
Brampton, Ontario
L6T5G5

Attention: Board of Directors

Dear Mr. Nariman and Mr. Al Hamer:

Notice of Termination of Amended and Restated License Agreement between 2283188 Ontario Limited ("2283188") and Star Navigation Systems Group Ltd. (the "Company") dated December 9, 2011 (the "Licensing Agreement")

2283188 hereby gives notice that the Licensing Agreement made between 2283188 as Licensor, and the Company as Licensee, is hereby terminated pursuant to subsection 9.2(b) of the Licensing Agreement. Capitalize terms used without definition have the meanings given to them in the Letter.

In accordance with section 9.3 of the Licensing Agreement:

(a) the License granted in the Licensing Agreement will immediately cease;

(b) the Company will immediately discontinue using, producing, installing, implementing, marketing, promoting or selling the Licensed Property; and

(c) the Company will immediately discontinue and undertake not to use the Know-How and the Trademarks, as defined in the Licensing Agreement, or any other similar or related trademarks or trade names which may be confused with the Trademarks.

2283188 hereby reserves all of its rights and remedies under the Licensing Agreement.

Sincerely,

Viraf Kapadia
Authorized Signatory for 2283188 Ontario Limited

This is **Exhibit "E"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January, 2020

A Commissioner for Taking Affidavits

March 7 2016 v.F

Amendment Agreement

Agreement dated as of the 1st day of July, 2015, (the "Effective Date") between **Star Navigation Systems Group Ltd.**, a corporation incorporated under the laws of the Province of Ontario (the "Company") and **Viraf S. Kapadia**, of the City of Mississauga, in the Province of Ontario (the "Employee").

WHEREAS the Employee and the Company entered into an employment agreement dated the 1st day of June, 2000 (the "Employment Agreement"), a copy of which is appended as Schedule "A" hereto, and

WHEREAS on the 1st day of January, 2010, the Employee and the Company entered into an extension of the Employment Agreement, a copy of which is appended as Schedule "B" hereto (the "January 2010 Agreement"), and

WHEREAS on the 15th day of December, 2014, the Employee and the Company entered into a further extension of the Employment Agreement, a copy of which is appended as Schedule "C" hereto (the "December 2014 Agreement"), and

WHEREAS the Employee and the Company wish to clarify and amend the December 2014 Agreement, and

WHEREAS the December 2014 Agreement remains in full force and effect, and

WHEREAS the Employee is, and has been throughout the history of the Company, a vital and essential factor in the survival and success of the Company, and

WHEREAS the Company considers the establishment and maintenance of a sound and vital senior management to be essential to protecting and enhancing the best interests of the Company and its shareholders, and

WHEREAS In this connection, the Company recognizes that, as is the case with many publicly-held corporations, the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the distraction and even the departure of senior management personnel to the detriment of the Company and its shareholders, and

WHEREAS the Company's Board of Directors has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's senior management to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company, and

WHEREAS it is in the best interests of the Company and of the Employee to amend certain terms and conditions of the December 2014 Agreement, and to confirm certain terms and conditions of the Employment Agreement, and the January 2010 Agreement in order to reflect both the changed economic prospects of the Company, and the increased role and responsibility of the Employee, and

WHEREAS the Employees' current annual compensation, as amended by the Board of Directors from time to time, is currently Two hundred and Eighty-two thousand (CDN$282,000) dollars Canadian, comprised of a salary component of $270,000 and an expense component of $12,000, subject to annual increase in the discretion of the Board of Directors.

NOW THEREFORE, in consideration of the mutual agreements hereinafter set forth and other good and valuable consideration, the parties hereto hereby agree as follows:

Section 1. Confirmation and Extension of Term

(i) The parties hereto hereby confirm all terms of the December 2014 Agreement not inconsistent herewith, subject to any changes as may be agreed to by the parties herein.

(ii) The parties hereto hereby confirm that paragraph 6 of the Employment Agreement relating to termination of the Employee and compensation of the Employee thereupon is hereby revoked in its entirety and replaced with the following:

" 6. TERMINATION:

The employment of the Employee shall terminate upon:
(a) his death.
(b) the bankruptcy or insolvency of the Company.
(c) upon sixty (60) days written notice by either party to the other party.

In the event of a Change of Control, as defined below, the following shall apply:

(a) In the event that the Employee, in his sole discretion, resigns from his employment for any reason within two years following a Change of Control, or where the Company, either actually or constructively, terminates the employment of the Employee for any reason within two years following a Change of Control, except where such termination is for cause or in the event of the death of the Employee, the Employee shall be entitled to receive a lump sum payment equal to three times his annual base salary at the time of termination. In addition, the Employee's group insurance benefit coverage, other than lóng and short term disability, shall continue until the earlier of a period of twenty-four months from the date of termination and the day he commences employment with another employer. Such lump sum payment shall be payable and paid immediately upon termination.
(b) The three (3%) percent annual royalty on gross sales for the use of the patent payable in the event of termination, as provided for in the Employment Agreement, is hereby confirmed and declared applicable to a Change of Control resignation or termination.
(c) In the event that the Employee, in his sole discretion, resigns from his employment for any reason within two years following a Change of Control, or where the Company, either actually or constructively, terminates the employment of the Employee for any reason within two years following a Change of Control, except where such termination is for cause or in the event of the death of the Employee, all amounts then owing by the Company to the Employee, including but not limited to loans, accruals, and unpaid benefits, shall, regardless of their terms, be immediately due and payable and shall be paid to the Employee forthwith.

"Change of Control" means the occurrence of one or more of the following events:
(a) any transaction or event or series of transactions or events as a result of which a party or parties (other than the Company or an affiliate of the Company), acting jointly or in concert, directly or indirectly, acquires the beneficial ownership of or the right to acquire beneficial ownership of or the right to exercise the votes attributable to more than 30% of the voting shares of the Company;
(b) any transaction or event or series of transactions or events as a result of which a party or parties (other than the Company or an affiliate of the Company), acting jointly or in concert, directly or indirectly, acquires more than 30% of the issued and outstanding shares of the Company which are ordinarily entitled to vote in the election of directors.
(c) the disposal of all or substantially all of the assets of the Company;
(d) a transaction or series of transactions, as a result of which a majority of the directors of the Company are removed from office at any annual or special meeting of shareholders, or a majority of the directors of the Company resign from office over a period of 60 days or less, and the vacancies

created thereby are filled by nominees proposed by any person other than directors or management of the Company in place immediately prior to the removal or resignation of the directors;

(d) **Effect of Termination** Upon termination of his employment for any reason whatsoever, the Employee shall thereupon be deemed to have immediately resigned any position the Employee may have as an officer, director or employee of the Company together with any other office, position or directorship which the Employee may hold with any of the Company's affiliates or related entities. In such event, the Employee shall, at the request of the Company, forthwith execute any and all documents appropriate to evidence such resignations. The Employee shall not be entitled to any payments in respect of such resignations in addition to those provided for herein.

(e) **Payment Upon Termination for Any Reason**

(i) Notwithstanding the foregoing, the Employee shall not receive less than that which he is entitled to upon a termination of employment in accordance with applicable employment standards legislation. The payments referred to herein are inclusive of any termination and/or severance payments that may be required under employment standards legislation and have been agreed upon with reference to the Employee's length of service with the Company.

(ii) The Company acknowledges the services provided by the Employee in the start-up and subsequent development of the Company, and therefore, in addition to any other payments provided for herein or otherwise, the Company shall pay to the Employee an override of Three (3%) percent, on the gross sales by the Company of products utilizing its patented STAR-ISMS® technology, currently marketed as the STAR-A.D.S.® System (or successor) such override to be paid quarterly within thirty (30) days of the filing of quarterly financial statements as required of public companies in Ontario. In the event that the Company is no longer publically held, the Company shall permit the proper representatives of the Employee such timely access to the Company's books and records as shall be sufficient to adequately confirm the amount of royalty payable."

(iii) The Company acknowledges and agrees that the Employee reserves the right, in his sole and unfettered discretion, to transfer and assign all of his rights and entitlements hereunder to a corporation owned or controlled by him and to direct the Company in writing to that effect.

Section 2. Compensation

The parties hereto hereby agree that, effective as of the date hereof, and for a One (1) year period, the Employee's annual compensation shall be calculated on a commission basis only. The commission due and payable to the Employee shall be calculated as follows:

(a) The commission period shall be July 1, 2015 to June 30, 2016 (the "Commission Period").
(b) Commission shall be based upon the gross sales of the Company of STAR-A.D.S. ® and STAR-M.M.I.™ products during the Commission Period.
(c) The maximum commission payable to the Employee during the Commission Period shall be Two hundred and Seventy thousand (CDN $270,000) dollars Canadian

At the end of the Commission Period, the Employee's annual compensation thereafter, unless otherwise agreed by the parties hereto in writing, shall be Two hundred and Eighty-two (CDN$282,000) thousand dollars Canadian, composed of:

Salary	____$270,000_____________
Car Allowance	____$12,000_____________

Section 3. Additional Termination Benefits

In the event that the employment of the Employee ceases for any reason, the Employee is hereby granted a period of One (1) year during he may elect to exercise any incentive stock options granted to him, which period has been determined by the Board of Directors of the Company as being reasonable.

Section 5. Severability.

If any paragraph of this Agreement or any portion thereof is determined to be unenforceable or invalid by the decision of any court by competent jurisdiction, which determination is not appealed or appealable, for any reason whatsoever, such unenforceability or invalidity shall not invalidate the whole Agreement, but the Agreement shall be construed as if it did not contain the particular provision held to be invalid and the rights and obligations of the parties shall be construed and enforced accordingly.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

Viraf S. Kapadia	Per:	Star Navigation Systems Group Ltd.
		Roger S. Peacock
		General Counsel

Witness to the signature of Viraf S. Kapadia

(Please print name and address)

December 12, 2014 v.F

Extension and Amendment Agreement

Agreement dated as of the 15th day of December, 2014, (the "Effective Date") between **Star Navigation Systems Group Ltd.**, a corporation incorporated under the laws of the Province of Ontario (the "Company") and **Viraf S. Kapadia**, of the City of Mississauga, in the Province of Ontario (the "Employee").

WHEREAS the Employee and the Company entered into an employment agreement dated the 1st day of June, 2000 (the "Employment Agreement"), a copy of which is appended as Schedule "A" hereto, and

WHEREAS the Employee and the Company entered into an extension of the Employment Agreement, a copy of which is appended as Schedule "B" hereto (the "First Extension Agreement"), and

WHEREAS the Employee is, and has been throughout the history of the Company, a vital and essential factor in the survival and success of the Company, and

WHEREAS the First Extension Agreement remains in full force and effect, but terminates in the 31st day of December, 2014, and

WHEREAS the Company considers the establishment and maintenance of a sound and vital senior management to be essential to protecting and enhancing the best interests of the Company and its shareholders, and

WHEREAS In this connection, the Company recognizes that, as is the case with many publicly-held corporations, the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the distraction and even the departure of senior management personnel to the detriment of the Company and its shareholders, and

WHEREAS the Company's Board of Directors has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's senior management to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company, and

WHEREAS it is in the best interests of the Company and of the Employee to amend certain terms and conditions of the Employment Agreement, and to confirm certain terms and conditions of the Employment Agreement, and the First Extension Agreement in order to reflect both the changed economic prospects of the Company, and the increased role and responsibility of the Employee, and

WHEREAS the Employees' current annual compensation, as amended by the Board of Directors from time to time, is currently Two hundred and Eighty-two thousand (CDN$282,000) dollars Canadian, comprised of a salary component of $270,000 and an expense component of $12,000, subject to annual increase in the discretion of the Board of Directors.

NOW THEREFORE, in consideration of the mutual agreements hereinafter set forth and other good and valuable consideration, the parties hereto hereby agree as follows:

Section 1. Confirmation and Extension of Term

(i) The parties hereto hereby confirm that the Employment Agreement, as extended by the First Extension Agreement, shall be extended for a period of Five (5) years in accordance with its terms, as amended herein, subject to any changes as may be agreed to by the parties herein.

Dec 15/19

(ii) The parties hereto hereby confirm that paragraph 6 of the Employment Agreement relating to termination of the Employee and compensation of the Employee thereupon is hereby revoked in its entirety and replaced with the following:

" 6. TERMINATION:

The employment of the Employee shall terminate upon:
(a) his death.
(b) the bankruptcy or insolvency of the Company.
(c) upon sixty (60) days written notice.

In the event of a Change of Control, as defined below, the following shall apply:

(a) In the event that the Employee, in his sole discretion, resigns from his employment for any reason within two years following a Change of Control, or where the Company, either actually or constructively, terminates the employment of the Employee for any reason within two years following a Change of Control, except where such termination is for cause or in the event of the death of the Employee, the Employee shall be entitled to receive a lump sum payment equal to three times his annual base salary at the time of termination. In addition, the Employee's group insurance benefit coverage, ~~other than long~~ and short term disability, shall continue until the earlier of a period of twenty-four months from the date of termination and the day he commences employment with another employer. Such lump sum payment shall be payable and paid immediately upon termination. The three (3%) percent annual royalty on gross sales payable in the event of termination, as provided for in the Employment ~~Agreement~~, is hereby confirmed and declared applicable to a Change of Control resignation or termination.

(b) In the event that the Employee, in his sole discretion, resigns from his employment for any reason within two years following a Change of Control, or where the Company, either actually or constructively, terminates the employment of the Employee for any reason within two years following a Change of Control, except where such termination is for cause or in the event of the death of the Employee, all amounts then owing by the Company to the Employee, including but not limited to loans, accruals, and unpaid benefits, shall, regardless of their terms, be immediately due and payable and shall be paid to the Employee forthwith.

"Change of Control" means the occurrence of one or more of the following events:
(a) any transaction or event or series of transactions or events as a result of which a party or parties (other than the Company or an affiliate of the Company), acting jointly or in concert, directly or indirectly, acquires the beneficial ownership of or the right to acquire beneficial ownership of or the right to exercise the votes attributable to more than 30% of the voting shares of the Company;
(b) any transaction or event or series of transactions or events as a result of which a party or parties (other than the Company or an affiliate of the Company), acting jointly or in concert, directly or indirectly, acquires more than 30% of the issued and outstanding shares of the Company which are ordinarily entitled to vote in the election of directors.
(c) the disposal of all or substantially all of the assets of the Company;
(d) a transaction or series of transactions, as a result of which a majority of the directors of the Company are removed from office at any annual or special meeting of shareholders, or a majority of the directors of the Company resign from office over a period of 60 days or less, and the vacancies created thereby are filled by nominees proposed by any person other than directors or management of the Company in place immediately prior to the removal or resignation of the directors;

(c)
Effect of Termination Upon termination of his employment for any reason whatsoever, the Employee shall thereupon be deemed to have immediately resigned any position the Employee may have as an officer, director or employee of the Company together with any other office, position or directorship which the Employee may hold with any of the Company's affiliates or related entities. In such event, the Employee shall, at the request of the Company, forthwith execute any and all documents appropriate to evidence such resignations. The Employee shall not be entitled to any payments in respect of such resignations in addition to those provided for herein.

(d) **Payment Upon Termination**
Notwithstanding the foregoing, the Employee shall not receive less than that which he is entitled to upon a termination of employment in accordance with applicable employment standards legislation. The payments referred to herein are inclusive of any termination and/or severance payments that may be required under employment standards legislation and have been agreed upon with reference to the Employee's length of service with the Company.

The Company acknowledges the services provided by the Employee in the start-up and subsequent development of the Company, and therefore, in addition to any other payments provided for herein or otherwise, the Company shall pay to the Employee a royalty on the gross sales of the Company of Three (3%) percent, such royalty to be paid quarterly within thirty (30) days of the filing of quarterly financial statements as required of public companies in Ontario. In the event that the Company is no longer publically held, the Company shall permit the proper representatives of the Employee such timely access to the company's books and records as shall be sufficient to adequately confirm the amount of royalty payable."

(iii) The parties hereto hereby confirm that all other terms and conditions of the Employment Agreement and the First Extension Agreement shall remain in full force and effect.

Section 2. Compensation

The parties hereto hereby agree that, effective as of the date hereof, the Employee's annual compensation shall continue to be Two hundred and Eighty-two (CDN$282,000) thousand dollars Canadian, composed of:

Salary	____$270,000_____________
Car Allowance	____$12,000_____________

Section 3. Additional Termination Benefits

In the event that the employment of the Employee ceases for any reason, the Employee is hereby granted a period of One (1) year during he may elect to exercise any incentive stock options granted to him, which period has been determined by the Board of Directors of the Company as being reasonable.

Section 4. Outstanding Loans and Amounts Payable.

The provisions of Section 6 of the Employment Agreement, as set forth herein, shall govern the repayment by the Company of all loans and other advances made by the Employee.

Section 5. Severability.

If any paragraph of this Agreement or any portion thereof is determined to be unenforceable or invalid by the decision of any court by competent jurisdiction, which determination is not appealed or appealable, for any reason whatsoever, such unenforceability or invalidity shall not invalidate the whole Agreement, but the Agreement shall be construed as if it did not contain the particular provision held to be invalid and the rights and obligations of the parties shall be construed and enforced accordingly.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

Viraf S. Kapadia

Witness to the signature of Viraf S. Kapadia

Roger S. Glencock

(Please print name and address)

Star Navigation Systems Group Ltd.

Per:

Randy Koroll

CFO

APPROVED BY THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS THIS _____ DAY OF December, 2014

PIERRE JEANNIOT, CHAIRMAN

Extension Agreement

Agreement dated as of the 1st day of January, 2010, (the "Effective Date") between Star Navigation Systems Group Ltd., a corporation incorporated under the laws of the Province of Ontario (the "Company") and Viraf S. Kapadia, of the City of Mississauga, in the Province of Ontario (the "Employee").

WHEREAS the Employee and the Company entered into an employment agreement dated the 1st day of June, 2000 (the "Employment Agreement"), a copy of which is appended as Schedule "A" hereto, and

WHEREAS the Employee is, and been throughout the history of the Company, a vital and essential factor in the survival and success of the Company, and

WHEREAS the Employment Agreement remains in full force and effect, but terminates in the 31st day of May, 2010, and

WHEREAS the Company considers the establishment and maintenance of a sound and vital senior management to be essential to protecting and enhancing the best interests of the Company and its shareholders, and

WHEREAS In this connection, the Company recognizes that, as is the case with many publicly-held corporations, the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the distraction and even the departure of senior management personnel to the detriment of the Company and its shareholders, and

WHEREAS the Company's Board of Directors has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's senior management to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company, and

WHEREAS it is in the best interests of the Company and of the Employee to amend certain terms and conditions of the Employment Agreement, and to confirm certain terms and conditions of the Employment Agreement, in order to reflect both the changed economic prospects of the Company, and the increased role and responsibility if the Employee, and

WHEREAS the Employees' current annual compensation, as amended by the Board of Directors from time to time, is currently Two hundred and Forty-eight thousand (CDN$248,000) dollars Canadian.

NOW THEREFORE, in consideration of the mutual agreements hereinafter set forth and other good and valuable consideration, the parties hereto hereby agree as follows:

Section 1. Confirmation and Extension of Term

(a) The parties hereto hereby confirm that the Employment Agreement shall be extended for a period of Five (5) years in accordance with its terms, subject to any changes as may be agreed to by the parties herein.

(b) The parties hereto hereby confirm that paragraph 6 of the Employment Agreement relating to compensation of the Employee upon termination is now and remains in full force and effect.

Section 2. Compensation

The parties hereto hereby confirm that, effective June 25, 2005, the Employee was granted the following increase in compensation:

(a) Salary $248,000
(b) Expenses as submitted

The parties hereto hereby agree that, effective January 1, 2010, the Employee's annual compensation shall be Two hundred and Eighty-two (CDN$282,000) thousand dollars Canadian, composed of:

Salary	$270,000
Car Allowance	$12,000

Section 3. Additional Termination Benefits

In the event that the employment of the Employee ceases for any reason, the Employee is hereby granted a period of One (1) year during he may elect to exercise any incentive stock options granted to him, which period has been determined by the Board of Directors of the Company as being reasonable.

Section 4. Severability.

If any paragraph of this Agreement or any portion thereof is determined to be unenforceable or invalid by the decision of any court by competent jurisdiction, which determination is not appealed or appealable, for any reason whatsoever, such unenforceability or invalidity shall not invalidate the whole Agreement, but the Agreement shall be construed as if it did not contain the particular provision held to be invalid and the rights and obligations of the parties shall be construed and enforced accordingly.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

Viraf S. Kapadia

Witness to the signature of Viraf S. Kapadia

(Please print name and address)

Star Navigation Systems Group Ltd.

Per:

Dale F. Sparks, CTO

THIS AG · ·' IENT made thi · ·' ·'' of June 200·

BETWEEN:

STAR NAVIGATION SYSTEMS INC. having its head office in the City of Toronto,

Province of Ontario

(hereinafter referred to as the "Company")

OF THE FIRST PART

- and -

Kapadia of the City of Toronto, Province of Ontario. Canada

(hereinafter referred to as "Viraf")

OF THE SECOND PART

WHEREAS the Company is involved in the development of early warning systems and instant monitoring systems for various types of vehicles involved in the transport of people and cargo. The company also intends providing Internet access and Video-On-Demand to the aerospace industry.

AND WHEREAS Viraf possesses an extensive background in management of computer related businesses, computer software, programming, software programming and management of flight test and aerospace software.

NOW THEREFORE in witnesseth of the covenants as expressed in this Agreement, the parties mutually covenant and agree as follows:

1. APPOINTMENT:

The Company hereby retains the services of Viraf as CEO for the purpose of managing the company, managing the marketing, sales and finance departments of the company.

In recognition, that Viraf is being retained into senior management and that he is a director of Star, Viraf shall not be permitted to resign without proper board approval.

2. DUTIES AND RESPONSIBILITIES:

The Company and Viraf agree that the entire management of the company its marketing, sales and finance departments come under his purview and are his responsibility. Viraf recognises that the company is a development stage company and in the near future may rework this agreement to better suit the company's requirements.

Responsibilities will also include supervision of management and staff of the various office facilities. Viraf will be involved in marketing and sales and liaising with marketing and sales agents. In general his duties oncompass all the duties of a CEO for a normal p blic company.

Viraf acknowledges and agrees that he shall be required to report to the Board of the company. Viraf further acknowledges that he will do his utmost to ensure that any publication prepared by him in the performance of his duties under this agreement will be for the benefit of the company.

The Company and Vira. oth agree that the atent rights of the evice and system being jointly held by Mr. Hilary Vieira and Mr. Kapadia entitle Viraf to due compensation for the use of the rights and future modifications by the company and Viraf to the system and or device will not nullify this agreement

Since this appointment is of a full time nature, Viraf will make himself available as required for business trips, trade shows, customer demonstrations, meetings, etc for which Viraf will be compensated as per company's rule and regulations existing at that time.

It is agreed that these tasks shall be, primarily performed by Viraf from the company's premises in Toronto. If the duties require significant travel abroad, then the responsibility for obtaining "long-term" visas will rest with Star Navigation. Viraf warrants that he is not restricted to travel to any country, except by that country's normal visa restrictions.

3. COMPENSATION:

The Company agrees to pay Viraf the amount of CDN 6500.00 per month and 6,200,000 common shares in the Ontario registered company and in proportion by any other company the technology may be transferred to as consideration and compensation for the services to be rendered by him until this agreement is changed or the company is listed on a North American exchange. Further to the company being listed on a North American Exchange the company guarantees his compensation will be not be less than CDN 188,000.00 per year for a period of 10 years with additional benefits as negotiated and per the company's policy in effect at that time.

4. COMMENCEMENT OF AGREEMENT:

The parties agree that this contract shall commence on June 1st, 2000.

5. TERMS OF AGREEMENT:

Subject to the termination rights set out in paragraph 6 of this contract shall end ten (10) years from the date of commencement.

6. TERMINATION:

This contract shall terminate under the following conditions:

1. The bankruptcy, insolvency, or winding up of the Company or of Viraf
2. 14 days n . by either party.
3. Any breach of any provision of this Agreement detrimental to the Company for which fourteen (14) days' written notice has been provided to Viraf and the breach has not been remedied;
4. Passing of a board resolution to that effect.
5. The death of Viraf

The company acknowledges the services provided by Viraf in the start-up and subsequent development of the company, and hence warrants a termination package equivalent to 5 (five) years salary at the time of termination and a royalty of 3% in perpetuity on sales for the use of the patent and a seat on the advisory committee or the board of directors at Viraf's option.

7. WARRANTIES AND COVENANTS:

Viraf warrants to the Company:

1. That he possesses sufficient experience necessary to complete the duties as set out herein for the development of the software and management of the Information Technology department as well as the data processing centre.
2. That he will on a sufficient basis diligently promote the interests of the Company in the areas as outlined herein.

8. CONFIDENTIALITY:

Viraf acknowledges that he being a director and involved in senior management roles in the company has had and shall have access to and shall be entrusted with confidential information and trade secrets, which are not in the public domain concerning the business and affairs of the Company. Viraf further acknowledges and agrees that the right to keep secret such confidential information and trade secrets with respect to all aspects of the system and related technology, including, but not limited to the methodology, technical aspects and instruments related thereto (to the extent that they are not in the public domain) constitutes a proprietary right which the Company is entitled to protect as may be required by the Company. Accordingly, Viraf covenants and agrees with the Company that:

1. That he will not directly or indirectly at any time whether during the term of this Agreement or any time hereafter use of disclose, divulge, furnish, use for the benefit of or make accessible to any other person, firm, corporation, or other entity save and except as the Company may direct, all or any part of the confidential information or trade secrets which are not in the public domain respecting the operations of the Company, including, without limiting the generality of the foregoing, financial statements, lists of accounts, terms of sale, price lists, information respecting any plans, scale, techniques, charts, manuals, reports, processes, or quality control systems or procedures or methods of doing business, developed or being developed, used, sold or any other

In the event any covenant or provision of the within Agreement is determined to be [illegible] whol[illegible] [illegible] p[illegible] [illegible] [illegible] [illegible] shall not [illegible] or be [illegible] effect or [illegible] the [illegible]lidity of [illegible] other covenant [illegible] provision [illegible] then[illegible] and [illegible] remainder of the Agreement shall remain in full force and effect

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

SIGNED, SEALED & DELIVERED

In the presence of:

____
Witness

____
Witness

STAR NAVIGATION SYSTEMS INC.

Per:

____
Star Navigation Systems, Inc.
Hilary Vieira - Director

Per: ______________________________
Viraf Kapadia

This is **Exhibit "F"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January, 2020

A Commissioner for Taking Affidavits

STAR
NAVIGATION SYSTEMS GROUP LTD

300-2970 Lakeshore Blvd. W.
Toronto, Ontario M8V 1J7
T: 416.252.2889 F: 416.252.3963

October 23, 2018

Viraf Kapadia
4117 Mississauga Road.
Mississauga, Ontario L5L 2S5

Kindly confirm the amount owed to you by **Star Navigation Systems Group Ltd. as of June 30, 2018** by completing the following. If there are any discrepancies please provide details:

Amended Principal Amount: $ 1,706,545.72

Interest-bearing loan: $1,644,662.99 – Interest at 5% per annum
Non-interest-bearing loan: $61,882.73 – No interest
Security: None
Maturity Date: On demand

Signed: ______________________

Name: Viraf S. Kapadia

Title: Chief Executive Officer

Please forward your response directly by email and mail to our auditors:

DNTW Toronto, LLP
Attention: Warren Goldberg, CPA, CA
Fax: (416) 924-9377
Email: warren.goldberg@dntwtoronto.com

Yours Truly,

Randy Koroll,
Chief Financial Officer
Star Navigation Systems Group Ltd.

Copies

STAR
NAVIGATION SYSTEMS GROUP LTD

300-2970 Lakeshore Blvd. W.
Toronto, Ontario M8V 1J7
T: 416.252.2889 F: 416.252.3963

October 23, 2018

Viraf Kapadia
4117 Mississauga Road.
Mississauga, Ontario L5L 2S5

Kindly confirm the amount owed to you by **Star Navigation Systems Group Ltd. as of June 30, 2018** by completing the following. If there are any discrepancies please provide details:

Principal Amount: $ 1,706,546

Interest Rates: Interest-bearing loan- $1,700,546 – 5%
Car allowance - $6,000.00 – No interest
Security: None
Maturity Date: On demand

Signed: ____________________

Name: ~~Viral S. Kapadia~~

Title: Chief Executive Officer

Please forward your response directly by email and mail to our auditors:

DNTW Toronto, LLP
Attention: Warren Goldberg, CPA, CA
Fax: (416) 924-9377
Email: warren.goldberg@dntwtoronto.com

Yours Truly,

Randy Koroll,
Chief Financial Officer
Star Navigation Systems Group Ltd.

This is **Exhibit "G"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January, 2020

A Commissioner for Taking Affidavits

Tab	Payment	Date	Description
1.	$1,485.19	November 2018	Work travel reimbursement
2.	$9,000	June 3, 2019	Engineering consulting
3.	$1,055.55	June 21, 2019	Corporate Visa payment
4.	$333.35	June 25, 2019	Paragon Systems Testing
5.	$40,000	July 4, 2019	General operating expenses
6.	$302	October 10, 2019	Corporate Visa payment
7.	$302	October 21, 2019	Corporate Visa payment
8.	$294	October 2019	Personal Visa (documents not included)
9.	$4,001	October 31, 2019	D&O premiums and other expenses
10.	$9,701	November 1, 2019	Rent
11.	$1,200	November 26, 2019 and December 3, 2019	Account shortfall
12.	$900	November 29, 2019	General operating expenses
13.	$3,423	December 3, 2019	D&O premiums
14.	$50,000	December 9, 2019	Retainer for proposal trustee (documents not included)
15.	$87	January 6, 2020	Corporate Visa payment
	$1,797,603	March 31, 2019	Balance from interim financials
	$202,500		Unpaid wages (April-December 2019)
	$106,902		Unpaid interest accrued
	$18,000		Car allowance
Total owing	$2,247,089.09		

TAB 1

STAR navigation systems group ltd.

STAR NAVIGATION SYSTEMS LTD.

300-2970 LAKESHORE BLVD.
TORONTO, ONTARIO M8V 1J7

Statement No.

Name: VIRAF S KAPADIA
SIN:
Department: Petty Cash

Emp #:
Position: CEO
Manager:

From: NOV 2018.
To: NOV 2018.

Date	Description		Meals	Travel	Entertainment	Fuel	Phone	Mktg Avtg/Sales	Comp Sup.	Office Sup.	Materials	Others	G.S.T	TOTAL	EXCHANGE RATE	TOTAL C$
JULY	BOM-DELHI-BOM+HOTEL											1,095.20		1,095.20		0.00
SEP	F FIESCHER		67.25													#REF!
OCT	F FIESCHER		73.38													0.00
NOV	WARREN AUDITOR		49.38											$190.01		#REF!
19-Nov-18	GO DADDY									199.98				$199.98		0.00
														0.00		0.00
		0.00	190.01	0.00	0.00	0.00	0.00	0.00	0.00	199.98	0.00	1,095.20	0.00	1,485.19	0.00	#REF

Sub Total	1,485.19		#REF
Subtract Advances	0.00	0.00	0.00
TOTAL	1,485.19		#REF

Total
Paid
DUE

Checked by :

Approved by Departmental Head :

SNS-W-004 E

TAB 2

VIRAF SAVAK KAPADIA OR
POURUCHISTI VIRAF KAPADIA
4117 MISSISSAUGA RD EAST
MISSISSAUGA, ON L5L 2S5

059

DATE 3rd June 2019

PAY TO THE ORDER OF KARANJIT SINGH $ 4000=00

four THOUSAND dollars 00/100 DOLLARS

Security features included Details on back

TD Canada Trust
686 QUEEN ST. W. & EUCLID AVE.,
TORONTO, ONTARIO M6J 1E7

MEMO PERSONAL LOAN

MP

[redacted]

VIRAF SAVAK KAPADIA OR
POURUCHISTI VIRAF KAPADIA
4117 MISSISSAUGA RD EAST
MISSISSAUGA, ON L5L 2S5

058

DATE 3 June, 2019

PAY TO THE ORDER OF Aman Siddiqui $ 5000=00

Five thousand Dollars 00/100 DOLLARS

Security features included Details on back

TD Canada Trust
686 QUEEN ST. W. & EUCLID AVE.,
TORONTO, ONTARIO M6J 1E7

MEMO LOAN
Personal

MP

[redacted]

TAB 3

[redacted]

TD BUSINESS TRAVEL VISA

412,357 TD Rewards Points

PAY TRANSFER REWARDS

Activity Summary Statements

Seeing a Transaction in two places?

POSTED TRANSACTIONS

SAT, JUNE 22, 2019

LOGMEIN*GOTOMEETING	$55.37

FRI, JUNE 21, 2019

IMPERIAL COFFEE	$21.00
PAYMENT - THANK YOU	-$1,055.55

MON, JUNE 17, 2019

GFL CALEDON	$75.94

THU, JUNE 13, 2019

TAB 4

VIRAF SAVAK KAPADIA OR
POURUCHISTI VIRAF KAPADIA
4117 MISSISSAUGA RD EAST
MISSISSAUGA, ON L5L 2S6

061

DATE 25th June 2019

PAY TO THE ORDER OF PARAGON SYSTEMS TESTING $ 333.35

three hundred thirty three —— 35/100 DOLLARS

TD Canada Trust
686 QUEEN ST. W. & EUCLID AVE.
TORONTO, ONTARIO M6J 1E7

MEMO ON A/C of STAR for Blue Aerospace

⑈061⑈ ⑆[redacted]

TAB 5

Custom...

89289632

The Toronto-Dominion Bank

7225 GOREWAY DRIVE, BUILDING G
MISSISSAUGA, ON L4T 0B5

DATE 2019-07-04
YYYYMMDD

Transit-Serial No. 1862-89289632

$*****40,000.00

Pay to the Order of STAR NAVIGATION SYSTEMS GROUP LTD.

FORTY THOUSAND00/100 Canadian Dollars

Authorized signature required for amounts over CAD $5,000.00

Re LOAN FROM MRS. P. KAPADIA

The Toronto-Dominion Bank
Toronto, Ontario
Canada M5K 1A2

Receipt Only - Non Negotiable
Please retain for presentation in event Original lost

Important

- Handle original draft with care; unlike a cheque, a stop payment cannot be lodged on a draft
- To reduce the risk of a draft being lost, please consider using registered mail or courier
- To replace a lost or stolen draft additional security may be required, at a cost to the requestor
- Do not destroy original draft and customer's record of draft purchased

TD

ranch: 1862 MISS-WESTWOOD MALL
7225 GOREWAY DRIVE
BUILDING G
MISSISSAUGA, ON

ate: Jul 4, 2019, 11:15 AM
ef #: 008530577 - ZRAI

rom: Cheque Total
40,000.00

o: [redacted]
Deposit
Cash: 0.00
Number of Items: 1
STAR NAVIGAT
40,000.00

Account Balance:
[redacted]

Thank You for banking with TD
For information call
EasyLine 1-866-222-3456
or visit td.com

TAB 6

ALL-INCLUSIVE WITH SENIORS REBATE [redacted]

MON, OCTOBER 21, 2019

THU, OCTOBER 17, 2019

SPOT-FREE CLEAN	-$29.53

TUE, OCTOBER 15, 2019

RABBA FINE FOOD	-$1.00

FRI, OCTOBER 11, 2019

GC 1305-CASH WITHDRA	-$5,396.80
CITY LOOKS _F	-$22.60
CITY LOOKS _F	-$22.59

THU, OCTOBER 10, 2019

IJ050 TFR-TO C/C	-$302.00

WED, OCTOBER 9, 2019

TD VISA R9K5L7	-$157.27
AMEX R9K5K6	-$21.00

TUE, OCTOBER 8, 2019

SUPER CREDIT VA	-$36.00

from V S/c A/c TD

TAB 7

ALL-INCLUSIVE WITH SENIORS REBATE [redacted]

MON, OCTOBER 28, 2019	
GC 0230-TRANSFER	$5,000.00
GC 0230-TRANSFER	-$2,400.00
GC 0230-DEPOSIT	$2,400.00
FRI, OCTOBER 25, 2019	
JG195 TFR-TO 478432A	-$5,000.00
TUE, OCTOBER 22, 2019	
ENERSOURCE Y6A2K6	-$219.86
TD VISA Y6A2J8	-$24.00
MON, OCTOBER 21, 2019	
TD VISA X8L8H3	-$302.00
TD VISA X8L8A7	-$503.22
LOBLAW #1011	-$227.67
THU, OCTOBER 17, 2019	
SPOT-FREE CLEAN	-$29.53
TUE, OCTOBER 15, 2019	

from VSK A/c

TAB 8

TAB 9

Branch: 1862 MISS-WESTWOOD MALL
7225 GOREWAY DRIVE
BUILDING G
MISSISSAUGA, ON

Date: Oct 31, 2019, 12:18 PM
Ref #: 00955906/5 - ZMOR

From: [redacted]
Debit Memo
KAPADIA V P
4,001.00

To. Draft STAR NAVIGATION SYSTEMS GROUP LTD
90286391 AFX Ref #
193040023
4,001.00

To: 1862-469 Draft - CAD Fee (Waived - TD All-Inclusive Chequing Account)
0.00

Account Balance: [redacted]

TAB 10

534,237.10

anada Trust

ch 01862 - 005
riday November 01, 2019 - 12:03:45 PM (EDT)

10358 (1215)

THIS DOCUMENT IS PRINTED ON WATERMARKED PAPER. SEE BACK FOR INSTRUCTIONS

The Toronto-Dominion Bank

7225 GOREWAY DRIVE, BUILDING G
MISSISSAUGA, ON L4T 0B5

90286425

DATE 2019-11-01
YYYYMMDD

Transit-Serial No. 1862-90286425

Pay to the Order of STAR NAVIGATION SYSTEMS GROUP LTD

$ ******9,701.00

NINE THOUSAND SEVEN HUNDRED ONE********************************00/100 Canadian Dollars

Authorized signature required for amounts over CAD $5,000.00

Re LOAN FADW VSK

The Toronto-Dominion Bank
Toronto, Ontario
Canada M5K 1A2

Authorized Officer

Number

Countersigned

OUTSIDE CANADA NEGOTIABLE BY CORRESPONDENTS AT THEIR BUYING RATE FOR DEMAND DRAFTS ON CANADA

[redacted]

This is watermarked paper and contains invisible fibres
Hold to light to verify watermark

Printer ID#1011F-B

Endorsement - Signature or Stamp

20191101
Gillba9
1862 00956882
0240391975 00000000032625224810

BACK/ENDOS

his is not a negotiable instrument. It is a copy of a previously
gotiated cheque and is produced for information purposes only.

TAB 11

Customer's Record of Draft Purchased

Bank

89627083

DATE 2019-12-03
YYYYMMDD

Transit-Serial No. 1275-89627083

$ ******3,422.85

*****************************85/100 Canadian Dollars

...RSONALLY

...tant

...e original draft with care; unlike a cheque, a stop payment cannot be lodged on a draft
...ce the risk of a draft being lost, please consider using registered mail or courier
...ce a lost or stolen draft additional security may be required, at a cost to the requestor
...stroy original draft and customer's record of draft purchased

...anch: 1275 MISSISSAUGA CENTRE
20 MILVERTON DR
MISSISSAUGA, ON

Date: Dec 3, 2019, 02:14 PM
Ref #: 006772166-ZXTC

From: [redacted] Debit Memo 3,422.85
KAPADIA V P

To: Draft CAFO 89627083 AFX 3,422.85
Ref # 193370051

To: [redacted] Draft - CAD Fee 0.00
(Waived - TD All-Inclusive
Chequing Account)

From: [redacted] Debit Memo 600.00
KAPADIA V P

To: [redacted] Credit Transfer 600.00
STAR NAV LTD

Account Balance: [redacted]

Thank You for banking with TD
For information call
EasyLine 1-866-222-3456
or visit td.com

...eceip...

...O THE AGENT OR BRO... ...n and provided that the policies are
...force and the premiums are ... respect to the above described
...olicies, and we have so notifie...

...PORTANT: Because of the ... ...ctions must be observed:

1. All RETURN ... policies and LOSS PAYMENTS under said polic... ...mortgagee or loss payee interest, must be paid to ...
2. *The policies may* ... loss payee, without the written consent of CAFO ...
3. Advise CAFO INC. ...

CHEQUE R...

...ELEASE OF CHEQUE ON DATE SPECIFIE...

- [ ] 1. Receipt of Installment Due On ______
  If the installment is not received within ... we will assume that the insured does not wish to finance the pre... ...erested parties and return any money received.
- [ ] 2. Receipt of Acknowledgement of Finance Noti... ...ny.
- [ ] 3. Other ______

...HEQUE RELEASE PROCEDURES

IF WE ARE ADVISED BY THE INSURANCE COMPANY THAT THERE ARE ANY DISCREPANCIES, CHANGES OR CORRECTIONS WHICH REQUIRE FURTHER CORRESPONDENCE, OUR CHEQUE WILL NOT BE RELEASED UNTIL THE MATTER HAS BEEN CLARIFIED.

...RM 09 CF (9/07) c.2007 CAFO

CONTRACT DEPARTMENT

Br_ch 0230 MISSISSAUGA ERIN MILLS
2200 BURNHAMTHORPE ROAD
WEST
MI... ...GA, ON

Date: Nov ... 06:25 PM
Ref #: 00769171 7 - ZMUH

From: Customer Cash (Cash In)
600.00

To [redacted]
Deposit
Cash: 600.00
Number of Items: 0
STAR NAV LTD
600.00

Account Balance [redacted]

Thank You for I... with TD
For inform... ...all
EasyLine 1-86... ...2-3456
or visit td... ...m

TAB 12

Branch: 1862 MISS-WESTWOOD MALL
7225 GOREWAY DRIVE
BUILDING G
MISSISSAUGA, ON

Date: Nov 29, 2019, 11:00 AM
Ref #: 00978836 8 - ZMOR

From: Cheque Total
900.00

To: [redacted]
Deposit
Cash: 0.00
Number of Items: 1
STAR NAV LTD
900.00

Account Balance:
[redacted]: [redacted]

Thank You for banking with TD.
For information call
EasyLine 1-866-222-3456
or visit td.com

• To replace a lost or stolen draft additional security may be required, at a cost to the requestor
• Do not destroy original draft and customer's record of draft purchased

The
7225
MISSI
Pay to t
Order of
***NI
Authorize
Re
The
Toron
Canac
Receip
Please retai

TAB 13

Customer's Record of Draft Purchased

The ~~Toronto~~-Dominion Bank

89627083

20 MILVERTON DRIVE
MISSISSAUGA, ON L5R 3G2

DATE 2019-12-03
YYYYMMDD

Transit-Serial No. 1275-89627083

Pay to the Order of CAFO

$ ******3,422.85

THREE THOUSAND FOUR HUNDRED TWENTY TWO***************************85/100 Canadian Dollars

Authorized signature required for amounts over CAD $5,000.00

Re LOAN FROM VSK TO STAR

The Toronto-Dominion Bank
Toronto, Ontario
Canada M5K 1A2

PAID BY VSK PERSONALLY

Important

- Handle original draft with care; unlike a cheque, a stop payment cannot be lodged on a draf
- To reduce the risk of a draft being lost, please consider using registered mail or courier
- To replace a lost or stolen draft additional security may be required, at a cost to the requeste
- Do not destroy original draft and customer's record of draft purchased

Receipt Only - Non Negotiable

Please retain for presentation in event Original lost

		Tax		TAX	Ref	2,940.00

TO THE AGENT OR BROKER: We have, subject to insurance company verification and provided that the policies are in force and the premiums are not fully earned, accepted the premium finance agreement in respect to the above described policies, and we have so notified the insured and insurance companies.

IMPORTANT: Because of the terms of the premium finance agreement, the following instructions must be observed:

1. All RETURN PREMIUMS which may become payable under the financed policies and LOSS PAYMENTS under said policies which reduce the unearned premiums subject to any mortgagee or loss payee interest, must be paid to CAFO Inc.
2. *The policies may not be assigned,* except for the interest of any mortgagee or loss payee, without the written consent of CAFO Inc.
3. Advise CAFO INC. immediately of any change in address of the insured.

CHEQUE RELEASE CONTINGENCIES(Only Applicable if Checked)

RELEASE OF CHEQUE ON DATE SPECIFIED IS CONTINGENT UPON:

☐ 1. Receipt of Installment Due On ____________

If the installment is not received within 15 days after the cheque release date shown above, we will assume that the insured does not wish to finance the premium. In such cases, we will advise all interested parties and return any money received.

☐ 2. Receipt of Acknowledgement of Finance Notice from Insurance Company.

☐ 3. Other ____________

CHEQUE RELEASE PROCEDURES

IF WE ARE ADVISED BY THE INSURANCE COMPANY THAT THERE ARE ANY DISCREPANCIES, CHANGES OR CORRECTIONS WHICH REQUIRE FURTHER CORRESPONDENCE, OUR CHEQUE WILL NOT BE RELEASED UNTIL THE MATTER HAS BEEN CLARIFIED.

TAB 14

TAB 15

TD BUSINESS TRAVEL VISA
544,554 TD Rewards Points

PAY TRANSFER REWARDS

Activity Summary • Statements

Seeing a Transaction in two places?

POSTED TRANSACTIONS

YESTERDAY

PAYMENT – THANK YOU	-$87.00

THU, JANUARY 2, 2020

SHERWEB	$341.37
OMBREX	$314.14

TUE, DECEMBER 31, 2019

LOGMEIN*GoToMeeting	$89.27

TUE, DECEMBER 10, 2019

FIDO Mobile *858451255	$345.99

THU, DECEMBER 5, 2019

This is **Exhibit "H"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January, 2020

A Commissioner for Taking Affidavits

RE: Financing

Kevin Dhugga
Sent: April 3, 2019 10:33 AM
To: Michael Homer; Roger Peacock; Barney Lassche; Harmeet Gill
Cc: Jean-Louis Larmor; Randy Koroll

Acknowledged

Thanks
Kevin Dhugga
Marketing & Sales Manager
o

11 Kenview Blvd., Brampton, ON.
Ontario, Canada - L6T 5G5
Tel:416-252-2889 x 244

NOTICE: This message is intended only for the use of the individual or entity to which it is addressed. The message may contain information that is privileged, confidential and exempt from disclosure under app
recipient, you are notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify Star Navigation Systems Group

(o) (416) 252-2889 Ext. 242
(c) (416)-707-6774

From: Michael Homer
Sent: Tuesday, April 02, 2019 2:59 PM
To: Roger Peacock; Kevin Dhugga; Barney Lassche; Harmeet Gill
Cc: Jean-Louis Larmor; Randy Koroll
Subject: RE: Financing

Homer rec'd it ..

Michael Homer
Star Navigation Systems Group Ltd.

From: Roger Peacock <roger.peacock@star-navigation.com>
Sent: Tuesday, April 2, 2019 2:44 PM
To: Kevin Dhugga <kevin.dhugga@star-navigation.com>; Barney Lassche <barney.lassche@star-navigation.com>; Harmeet Gill <harmeet.gill@star-navigation.com>
Cc: Jean-Louis Larmor <jean-louis.larmor@star-navigation.com>; Randy Koroll <randy.koroll@star-navigation.com>; Michael Homer <michael.homer@star-navigation.com>
Subject: Financing
Importance: ***High***

Gentlemen,
Due to the uncertainty around Viraf's intentions and the fact that we are currently preparing a new Business Plan for presentation to the Board, please **immediately stop** any presentations or solicitations to warrant holders or other possible avenues of finance. **Do not deposit** any cheques currently in your possession. **Do not accept** any further cheques.
Please also advise me immediately of any funds committed or deposited over the last 10 days.
This is a serious matter involving the possibility of misrepresentation.
Please confirm receipt of this email.
Thank you,
RSP

Roger S. Peacock, LL.B.
General Counsel
Star Navigation Systems Group Ltd.
(416) 252-2889 Ext. 225

NOTICE: This message is intended only for the use of the individual or entity to which it is addressed. The message may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify Star Navigation Systems Group Ltd. immediately by email at info@star-navigation.com

This is **Exhibit "I"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January, 2020

A Commissioner for Taking Affidavits

STAR NAVIGATION SYSTEMS GROUP LTD.

SECURED GRID PROMISSORY NOTE

Dated November 6 2019 Initial Principal Amt $1[illegible]

FOR VALUE RECEIVED, the undersigned Star Navigation Systems Group Ltd (the "**Maker**") acknowledges itself indebted and unconditionally promises to pay to, or to the order of Viraf Kapadia (the "**Holder**") at 222 Bay Street, Suite 3000 Toronto Ontario or such other place as the Holder may from time to time designate on the date on which demand is made by the Holder the principal amount of ten thousand dollars (CDN $10,000) in lawful money of Canada (the "**Initial Principal Amount**") as such amount may be increased or decreased in accordance with this secured grid promissory note (this "**Note**") on such date

1 Definitions

Capitalized terms used in this Note and not otherwise defined herein shall have the meanings provided in this Section 1

"**Grid**" means the record of transactions attached to and forming part of this Note

"**Interest Rate**" means the rate of interest per annum quoted or established as the "prime rate" of the Royal Bank of Canada which it quotes or establishes for such day as the reference rate of interest in order to determine interest rates for loans to individuals in Canadian dollars in Canada, plus two percent (2%), or such other rate of interest as the Maker and the Holder may agree in writing

"**Outstanding Principal Amount**" means, as of any day, the principal amount outstanding as recorded by the Holder pursuant to the authorization and authority granted to it under Section 4 hereof in the column entitled "Outstanding Principal Amount" on the Grid being an amount equal to (i) the Initial Principal Amount, plus (ii) the sum of the Interest Amounts (as defined below) up to and including such day minus (iii) the sum of any amounts prepaid in accordance with the terms of this Note on or prior to such day subject to a minimum of zero

2 Interest Amounts

Any Outstanding Principal Amount not paid when due, whether at stated maturity, demand or otherwise (both before and after judgment), shall bear interest payable on demand at a rate per annum equal to the Interest Rate (the "**Interest Amount**")

3 Prepayments

The Maker has the right and privilege of prepaying the whole or any portion of the Outstanding Principal Amount at any time or times without notice, bonus or penalty Each prepayment made hereunder shall be made in Canadian dollars, and shall be credited to the Outstanding Principal Amount

Without limiting the right of the Holder to receive repayment of all Obligations on demand the Obligations shall be immediately prepaid upon the completion of (i) an Asset Sale or (ii) a Change of Control

For the purposes of this Section 3

"Asset Sale" means the sale, lease pledge conveyance or other disposition of any assets or rights of the Maker other than in the ordinary course of business

"Change of Control" means

(1) the adoption of a plan relating to the liquidation or dissolution of [illegible]

(2) the consummation of any transaction (including [illegible]) the result of which is that any person becomes the [illegible] directly or indirectly, of more than 50% of the voting [illegible] of the Maker [illegible] voting power rather than number of shares [illegible]

(3) during any consecutive two year period, the first day on which [illegible] the board of directors of the Maker as of the beginning of such two year period [illegible] with any new directors who were nominated for election or elected [illegible] directors with the approval of a majority of the directors [illegible] board of directors or whose nomination or election was previously [illegible] beginning of such two year period) cease to constitute a majority of the [illegible] of the Maker.

4. Grid

The Holder shall and is unconditionally and absolutely authorized and directed by the Maker to record on the Grid (i) the date and amount of each advance made by the Holder and the resulting [illegible] Outstanding Principal Amount, (ii) the Interest Amount, and (iii) the date and amount of each [illegible] made by the Maker to the Holder and the resulting Outstanding Principal Amount [illegible] absence of manifest mathematical error, shall be prima facie evidence of such [illegible] prepayments, provided that the failure of the Holder to record the same shall not affect the obligation of the Maker to pay such amounts to the Holder.

5. Security.

The Maker hereby grants to the Holder a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Holder, all property and assets, both real and personal, now owned or hereafter acquired (collectively, the "**Collateral**"), including, without limitation, any and all [illegible] fixtures, vehicles, equipment and other goods of every kind and description of the Maker, [illegible] documents of title, chattel paper, instruments, securities and all other financial assets of the Maker [illegible] securities accounts of the Maker and all of the credit balances, security entitlements, [illegible] assets and items of property standing to the credit of the Maker from time to time in [illegible] accounts, (iv) all intangible property now owned or hereafter acquired by the Maker [illegible] limitation, all contractual rights, goodwill, patents, trademarks, copyrights and other [illegible] of the Maker and all other choses in action of the Maker of every kind, whether due or owing at the present time or hereafter to become due or owing, (v) substitutions and replacements of and [illegible] and, where applicable, accessions to the property described in clauses (i) to (v) above and (vi) proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in clauses (i) to (v) above, or the proceeds of such proceeds.

The security interest, assignment, mortgage, charge, hypothecation and pledge granted hereby (collectively, the "**Security Interest**") secures the payment and performance of all debts, [illegible] and obligations of the Maker to the Holder pursuant to or in connection with this Note (collectively, the "**Obligations**").

The Security Interest shall be and become enforceable against the Maker if and when it fails to pay or perform any of the Obligations when due and payable or to be performed, as the case may be.

The Maker hereby confirms and agrees that it will not grant or suffer to exist any other security interest, mortgage, charge or other encumbrance over the Collateral without the prior written consent of the Holder.

The Maker agrees to do all acts and things and execute and deliver all transfers, assignments, security or mortgage registration forms and agreements as the Holder may reasonably require on demand to (a) protect the Collateral, (b) perfect the Security Interest, (c) make the Security Interest enforceable against third parties, and (d) otherwise enable the Holder to obtain the full benefits of the Security Interest.

6. Waivers, No Set off, Acknowledgements

To the fullest extent permitted by law, the Maker waives:

(a) diligence, presentment, demand and protest, and notice of presentment, dishonour, intent to accelerate, acceleration, protest, non-payment, release, compromise, settlement, extension or renewal of this Note; and

(b) the benefit of all applicable valuation, appraisal and exemption laws.

The Maker agrees that all amounts under this Note are payable without set off, withholding, deduction, claim, counterclaim, defence or recoupment, all of which are hereby waived by the Maker.

Upon request of the Holder, the Maker shall, from time to time, execute and deliver acknowledgements of its liability and the continuing existence of the Holder's claims against the Maker pursuant to this Note. In addition, any limitation periods under the *Limitations Act, 2002* (Ontario), as amended, applicable to this Note are excluded.

Time is of the essence with this Note.

7. Successors, Heirs and Assigns.

This Note is binding upon the Maker and its successors, heirs and assigns and enures to the benefit of the Holder and his successors, and assigns. The Holder may at any time assign all or any of his rights and benefits hereunder. The Maker may not assign any of its rights or obligations hereunder.

8. Governing Law.

This Note is governed by and is to be interpreted, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Maker has executed this Note as of the date first above written.

WITNESS	**MAKER,**
	Gus Nariman

Date (dd/mm/yyyy)	Amount of Advance	Principal Prepaid	Interest Amount	Outstanding Principal Amount	Notation Made by
1 Nov, 2019	$9,701.00			$9701.00	VSK
26 Nov, 2019	$600.00			$10,301.00	VSK
29 Nov, 2019	$900.00			$11,201	VSK
3 Dec, 2019	$3422.85			$14,623.85	VSK
3 Dec, 2019	$600.00			$15,223.85	VSK
9 Dec, 2019	$50,000			$65,223.85	VSK

This is **Exhibit "J"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January, 2020

A Commissioner for Taking Affidavits

NORTON ROSE FULBRIGHT
Barristers & Solicitors / Patent & Trade-mark Agents

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario M5K 1E7 Canada

F: +1 416.216.3930
nortonrosefulbright.com

Maria Tsetsos
+1 416.216.4092
maria.tsetsos@nortonrosefulbright.com

Our reference
1001086857

December 16, 2019

Sent By Email

Star Navigation Systems Group Ltd.
11 Kenview Blvd.
Brampton, ON L6T 5G5

Dear Sir/Madam:

Financing Statement filed in favour of Viraf Savak Kapadia (the Secured Party)

Pursuant to the *Personal Property Security Act* (Ontario), we enclose a copy of a verification statement confirming the registration of a financing statement filed against you in favour of the Secured Party. No action is required to be taken by you.

Yours very truly,

Maria Tsetsos
Law Clerk

MT/rr

Enclosure

CAN_DMS: \131039388\1

Account No. (if applicable)/N° de compte (si pertinent)	Registration Account Code/Code du compte d'enregistrement

Financing Change Statement/Change Statement
État de modification du financement/État de modification

2019/12/10 344 03847
1590A20191210X

Ontario

Ministry of Consumer and Business Services / Ministère des Services aux Consommateurs et aux Entreprises

Form / Formule 3C

10553(03/95)

Registration No. (for office use only) /N° d'enregistrement (usage interne)

YYYY/AAAA MM/MM DD/JJ Time/Heure Branch/Bureau Sequence/Séquence

01

Registered Under (office use only)/ Enregistré aux termes de (usage interne): PPSA

31 Reference File Number/ N° de dossier de référence: 758442951

Renewal (R) OR Discharge (C)/ Renouvellement (R) OU Mainlevée (C):

Enter Number of Additional Years if Renewal (see reverse)/ Indiquer le nombre d'années supplémentaires s'il s'agit d'un renouvellement (voir au verso):

First Given Name/ Premier prénom — Initial/ Initiale — Surname/Nom de famille

32 Individual Debtor (as recorded)/ Débiteur particulier (tel qu'inscrit):

33 Business Debtor (as recorded)/ Débiteur commercial (tel qu'inscrit): STAR NAVIGATION SYSTEMS GROUP LTD.

Ontario Corporation No. / N° matricule de la personne morale en Ontario:

08/16 Secured Party/Lien Claimant/Registering Agent /Créancier garanti/Créancier privilégié/Agent d'enregistrement:

09/17 Address/Adresse: — City, etc./Ville, etc. — Prov./Prov. — Postal Code/Code postal

NORTON ROSE FULBRIGHT CANADA LLP
(PC/MT)
222 BAY STREET, SUITE 3000
TORONTO ON M5K 1E7

Authorized Signature/*Signature autorisée*

Name and Signature of Secured Party/Lien Claimant OR Name of Secured Party/Lien Claimant AND Name and Signature of Agent of Secured Party/Lien Claimant. / Nom et signature du créancier garanti/créancier privilégié OU Nom du créancier garanti/créancier privilégié ET nom et signature de l'agent du créancier garanti/créancier privilégié.

(Cut along dotted line /Détachez à la ligne pointillée)

This is not a Certificate issued under the PPSA. It is provided as a courtesy to assist you/ *Le présent n'est pas un certificat délivré en vertu de PPSA. Il est délivré à titre gracieux pour vous aider.*

Verification Statement/*État de vérification*

Form Type/ Type de formule	Page/ Page	Line/ Ligne	*The expiry date calculated by the system may exceed the date on which the registration ceases to be effective. / *La date d'expiration établie en vertu du système peut être postérieure à la date à laquelle l'enregistrement cesse d'être en vigueur.	Page/ Page: 1	OF DE	Total Pages/ Nombre de pages: 1	*Expiry Date/ *Date d'expiration YYYY/AAAA MM/MM DD/JJ: 2024/12/10
1C	1	00	758442951				
1C	1	01	CAUTION FILING/AVERTIS: PAGE: 1 OF/DE: 1 MV SCHEDULE				
1C	1	01	ATTACHED/LISTE VA: REG NUM/NO ENREGIST: 20191210 1455 1590 2483				
1C	1	01	REG UNDER/T. ENREG: P REG PERIOD/PERIODE: 5				
1C	1	03	STAR NAVIGATION SYSTEMS GROUP LTD.				
1C	1	04	11 KENVIEW BLVD.				
1C	1	04	BRAMPTON ON L6T 5G5				
1C	1	08	VIRAF SAVAK KAPADIA				
1C	1	09	4117 MISSISSAUGA ROAD				
1C	1	09	MISSISSAUGA ON L5L 2S5				
1C	1	10	CONS GOODS/BIENS CONS: INVTRY/STOCK: X EQUIP/MATER: X				
1C	1	10	ACCTS/COMPT: X OTHER/AUTRE: X MV INCL/VA INCLUS: X				
1C	1	10	AMOUNT/MONTANT: DATE OF MATURITY/DATE ECHEANCE:				
1C	1	10	NO FIXED MAT DATE/D ECHE PAS DET:				
1C	1	16	NORTON ROSE FULBRIGHT CANADA LLP (PC/MT)				
1C	1	17	222 BAY STREET, SUITE 3000				
1C	1	17	TORONTO ON M5K 1E7				

*** VERIFY IMMEDIATELY UPON RECEIPT / VERIFIEZ IMMEDIATEMENT VOTRE AVIS ***

10553(03/95)

(ccr05a 06/2019)

This is **Exhibit "K"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January, 2020

A Commissioner for Taking Affidavits

December 23, 2019

NORTON ROSE FULBRIGHT

Barristers & Solicitors / Patent & Trade-mark Agents

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario M5K 1E7 Canada

F: +1 416.216.3930
nortonrosefulbright.com

Sent By E-mail

Robert M. Isles
44 Victoria Street
Toronto, ON M5C 1Y2

- and to -

Bobby Sachdeva
Miller Thomson LLP
100 New Park Place
Suite 700
Vaughan, ON L4K 0H9

Your reference	Our reference
	1001086857

Dear Sirs:

Star Navigation Systems Group Ltd.

We write in connection with the Notice of Intention ("**NOI**") to Make a Proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") filed by Star Navigation Systems Group Ltd. ("**Star**") on Tuesday December 10, 2019, and the proceedings related thereto ("**Proceedings**").

As you are aware, Mr. Viraf Kapadia, is the largest creditor of Star and the only creditor holding security. Mr. Kapadia has significant concerns that steps may be taken in these NOI proceedings that may be prejudicial to Mr. Kapadia and other creditors. We are writing to advise that we have instructions to oppose any motion by your clients for any Order granting any charges having priority over Mr. Kapadia's debt. Moreover, we have instructions to oppose any motion seeking authorization for Star to borrow any funds other than the minimum "keep the lights on" funds required for the Proceedings, which, in accordance with the cash flow projections prepared by Mr. Kapadia at the request of Farber & Partners Inc., are in the amount of $14,500 for the month of January 2020.

Mr. Kapadia holds in excess of 66% of all debt owing by Star. As such, your clients will be unable to make a viable proposal unless it is acceptable to Mr. Kapadia. In the circumstances, we ask that you provide us with a draft proposal for our review by no later than **January 3, 2020**, failing which, we reserve all of our client's rights against your clients and Star, including pursuant to Section 50.4(11) of the BIA.

CAN_DMS: \131114934\3

Yours very truly,

Virginie Gauthier

Copy to: Viraf Savak Kapadia
Nader Hasan, Norton Rose Fulbright Canada LLP

This is **Exhibit "L"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January, 2020

A Commissioner for Taking Affidavits

January 6, 2020

Sent By E-mail

Bobby Sachdeva
Miller Thomson LLP
100 New Park Place
Suite 700
Vaughan, ON L4K 0H9

NORTON ROSE FULBRIGHT

Barristers & Solicitors / Patent & Trade-mark Agents

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario M5K 1E7 Canada

F: +1 416.216.3930
nortonrosefulbright.com

Virginie Gauthier
+1 416.216.4853
virginie.gauthier@nortonrosefulbright.com

Your reference

Our reference
1001086857

Dear Mr. Sachdeva:

Star Navigation Systems Group Ltd.

We are in receipt of your late-served motion record for a hearing on January 8, 2020 and the related late-served proposal trustee report.

We will be opposing the relief sought on your motion and seek a termination of the period of time for Star Navigation Systems Group Ltd. **(Star)** to make a proposal. Our materials will be served as soon as possible in the circumstances.

We note from your materials that your clients are attempting to take actions that are adversely impacting the existing creditors of Star. We expect your clients to refrain from any and all dilutive actions in advance of the January 8 hearing and reserve all our client's rights in this respect. By copy of this letter to the proposal trustee, we ask the proposal trustee to ensure that no action impacting creditors be taken in advance of the hearing.

We take this opportunity to remind you that we were expecting the terms of a proposal from your clients by close of business day on January 3 and no such terms were presented.

Yours very truly,

Virginie Gauthier
Partner

VG/ls

Copy: Allan Nackan and John Hendriks, *A. Farber & Partners Inc.*, Proposal Trustee

CAN_DMS: \131214432\1

This is **Exhibit "M"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January, 2020

A Commissioner for Taking Affidavits

APPENDIX B – NOTICE OF INTENT

IN THE MATTER OF THE PROPOSAL OF STAR NAVIGATION SYSTEMS GROUP LTD. A COMPANY DULY INCORPORATED PURSUANT TO THE LAWS OF ONTARIO WITH A HEAD OFFICE IN THE CITY OF BRAMPTON IN THE PROVINCE OF ONTARIO

NOTICE OF INTENTION TO MAKE A PROPOSAL

TAKE NOTICE THAT:

1. The undersigned, Star Navigation Systems Group Ltd., an insolvent person, pursuant to Subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, intends to make a Proposal to its creditors.

2. A Farber & Partners Inc., of 150 York Street, Suite 1600, Toronto, Ontario, a licensed Trustee, has consented to act as Trustee under the Proposal and a copy of the Consent is attached hereto.

3. A list of the names of the known creditors with claims amounting to $250 or more and the amounts of their claims is attached.

4. Pursuant to Section 69 of the *Bankruptcy and Insolvency Act*, all proceedings against the company are stayed as of the date of filing this Notice with the Official Receiver in my locality.

DATED AT Mississauga this 10th day of December, 2019.

STAR NAVIGATION SYSTEMS GROUP LTD.

Per: Viral Kapadia, Director

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Star Navigation Systems Group Ltd.
of the City of Brampton, in the Province of Ontario

List of Creditors with claims of $250 or more.			
Creditor	Address	Account#	Claim Amount
10789291 Canada Inc.	621 Via Campanile Woodbridge ON L4H 0X1		54,616.00
Adlink Tech Inc. / Ampro Adlink Technology Inc.	5215 Hellyer Ave, #110 San Jose CA 95138 USA		15,400.00
ARM Collection Agency	795, 5e Rue de la Pointe Shawinigan QC G9N 1G2	USD to CAD	1,672.00
Batth Harmanjeet	53 Executive Court Brampton ON L6R 0L4		10,833.00
Branson Corporate Services	77 King St. W. Suite 2905, P.O. Box 121 Toronto ON M5K 1H1		29,000.00
BSI British Standards Institute	Suite 108, 6205b Airport Road Mississauga ON L4V 1E3		46,000.00
Capital Transfer Agency	390 Bay Street, Suite 920 Toronto ON M5H 2Y2	A	979.00
Capital Transfer Agency	390 Bay Street, Suite 920 Toronto ON M5H 2Y2	B	2,907.32
Chirag Chokshy	#505-41 Garfella Drive Etobicoke ON M9V 2G3		2,275.00
CRA - Tax - Ontario	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	890984354RP0001	173,858.00
David Lynch	2-1821 Ambrosi Road Kelowna BC V1Y 4R8		15,000.00
Durigraj (Terry) Patan	593 Silverthorn Cres. Mississauga ON L5R 1W7		7,000.00
ECI Solutions	4400 Alliance Gateway Freeway, Suite 154 FT Worth TX 76177 USA	USD to CAD	26,221.00
Eulix Digital Printing	1645 Bonhill Road, Unit #6 Mississauga ON L5T 1C1		3,185.00

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Star Navigation Systems Group Ltd.
of the City of Brampton, in the Province of Ontario

List of Creditors with claims of $250 or more.

Creditor	Address	Account#	Claim Amount
Fernando Dion	1102-2440 Hurontario Street Mississauga ON L5B 1N2		9,497.50
Fizra Arif	1501-60 Pavane Linkway Toronto ON M3C 1A2		19,250.00
Gurdip Panaich	-- -- --		15,000.00
Gus Nariman	-- -- --		84,000.00
Hardy, Normand, & Associes S.E.N.C.R.L.	7875, Louis-H.-Lafontaine Blvd, Suite 200 Anjou QC H1K 4E4		12,939.00
Henkel Corporation	P.O. Box 281666 Atlanta GA 30384-1666 USA	USD to CAD	796.00
Henkel Corporation	P.O. Box 281666 Atlanta GA 30384-1666 USA		651.00
Hiba Zaidi	Unit 4509, 8 Eglinton Ave East Toronto ON M4P 0C1		642.86
Ibrahim Al Hamer	-- -- --		84,000.00
International Cargo	11 Sprinwood Heights Crescent Brampton ON L6P 2C3		585.00
Intrado Digital Media Canada Inc. (West Canada Holdings ULC)	25 York Street, Suite 900 Toronto ON M5J 2V5		9,545.40
Jean Louis Larmor	229 Avenue Clarke Westmount QC H3Z 2E3		54,000.00
Jeanniot Inc.	Place Du Canada 1010 De La Gauchetiere West, Suite 950 Montreal QC H3B 2N2		10,000.00
JII Accrual	229 Avenue Clarke Westmount QC H3Z 2E3		144,334.00

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Star Navigation Systems Group Ltd.
of the City of Brampton, in the Province of Ontario

List of Creditors with claims of $250 or more.

Creditor	Address	Account#	Claim Amount
Junaid Malik	5312 Lismic Boulevard Mississauga ON L5V 1P5		33,000.00
Karthikeyan Retnaganthan	237 Melrose Avenue Toronto ON M5M 1Y9		10,415.00
Kjr Mach Infinity Inc.	5360 Bellagio Crescent Mississauga ON L5V 0C9		33,900.00
Lazertech	33 Melford Drive, Unit #1 Scarborough ON M1B 2G6		3,000.00
Manulife	200 Bloor Street East Toronto ON M4W 1E5		2,800.00
McCarthy Tetrault	66 Wellington St W, Suite 5300 Toronto ON M5K 1E6		4,143.48
Metocean	21 Thornhill Drive Darthmouth NS B3B 1R9	USD to CAD	454.00
Ministry of Finance - ON PST, EHT & Other Taxes Mrs. Asta Alberry	Ministry of Revenue 33 King Street West 6th Floor Oshawa ON L1H 8H5	A	4,782.00
Ministry of Labour	410 - 70 Foster Drive Sault Ste. Marie ON P6A 6V4	Garnishment	9,000.00
Mouser Electronics	1000 North Main Street Mansfield TX 76063 USA	A	300.00
Mouser Electronics	1000 North Main Street Mansfield TX 76063 USA	B	1,185.59
Nighat Fatima	9 Allendale Road Brampton ON L6W 2Y7		24,000.00
Patmark Consultants LLP / Aditya & Co	Hubtown Solaris, 121, 1st Floor, NS Phadke Marg, JN. Telli Gully & E-W Bridge Andheri (E) Mumbai 400 069 India	INR to CAD	1,590.00
Ping Shen	75 Eaton Street Georgetown ON L7G 5T1		15,000.00

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Star Navigation Systems Group Ltd.
of the City of Brampton, in the Province of Ontario

List of Creditors with claims of $250 or more.			
Creditor	Address	Account#	Claim Amount
RMF Designs	5675 Timberlea Blvd. Mississauga ON L4W 2S4		19,049.70
Rob Hancock Designated Aviation Rep / 1319309 Ontario Inc. / Westfield Consultants	2144 Grosvenor Street Oakville ON L6H 5L2		12,000.00
Roger Peacock	403 Davisville Ave Toronto ON M4S 1H4		13,500.00
Rovatec	4 Bayfield Court Caledon ON L7C 1C7		2,745.00
Russell Designated Aviation Rep / 2052065 Ontario Inc.	976 Essa Cres Pickering ON L1W 2J1		6,000.00
Scaleyourbiz.com c/o Bilal Asad / 2570211 Ontario Inc.	105 Trammel Drive Woobridge ON L4H 0W3	USD to CAD	3,465.00
Sunaik Corp.	-- -- --		17,000.00
TD Canada Trust Visa CC&R Insolvency and Credit Counselling	4720 Tahoe Blvd, 3rd Flr, Bldg 1 Mississauga ON L4W 5P2	Visa	5,000.00
TD Canada Trust CC&R Insolvency and Credit Counselling	4720 Tahoe Blvd, 3rd Flr, Bldg 1 Mississauga ON L4W 5P2	Overdraft	50,000.00
Transport Canada	4900 Yonge Street, Unit 400 North York ON M2N 6A5		4,100.00
Versatile Spray Paint	102 Healey Rd Caledon ON L7E 5A7		452.00
Viraf S Kapadia	4117 Mississauga Road Mississauga ON L5L 2S5		2,319,894.00
W.Ralston (Canada) Inc.	135 East Drive Brampton ON L6T 1B5	Landlord	9,700.00
Wifi Computers Canada	105 Father Tobin Rd, Unit 3 Brampton ON L6R 0W9		2,610.00

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Star Navigation Systems Group Ltd.
of the City of Brampton, in the Province of Ontario

List of Creditors with claims of $250 or more.			
Creditor	Address	Account#	Claim Amount
Workplace Safety and Insurance Board c/o Collection Services	200 Front St W Toronto ON M5V 3J1	A	6,000.00
Workplace Safety and Insurance Board *c/o Collection Services*	200 Front St W Toronto ON M5V 3J1	B	792.00
Total			3,450,064.85

Per Star Navigation Systems Group Ltd.
Insolvent Person

This is **Exhibit "N"** referred to in the

Affidavit of Viraf Kapadia, sworn

before me this 7th day of January, 2020

A Commissioner for Taking Affidavits

From: Roger Peacock roger.peacock@star-navigation.com
Subject: Peacock
Date: Nov 20, 2019 at 11:05:51 AM
To: Viraf Kapadia viraf.kapadia@star-navigation.com

Viraf,

On November 3, 2019, I sent you a request that Star provide me with an ROE so that *my EI application can be processed*.

As of today, Service Canada has not received that ROE. As you know, the Company is obligated to file same within 7 days. I have not been paid since July 15, 2019 and consider myself to have been on layoff since October 1, 2019 although I have continued to respond to email requests since that time.

Please respond immediately.

Thank you,

RSP

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF STAR NAVIGATION SYSTEMS GROUP LTD.

Court File No.: 32-2594575

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at TORONTO

AFFIDAVIT OF VIRAF KAPADIA
(Affirmed January 7, 2020)

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario M5K 1E7 Canada

Andrew McCoomb LSO #: 61618B
andrew.mccoomb@nortonrosefulbright.com
Tel: +1 416.216.4039
Fax: +1 416.216.3930

Lawyers for Viraf Kapadia, a creditor

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF STAR NAVIGATION SYSTEMS GROUP LTD.

Court File No.: 32-2594575

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at TORONTO

RESPONDING MOTION RECORD (returnable January 8, 2020)

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario M5K 1E7 Canada

Andrew McCoomb LSO #: 61618B
andrew.mccoomb@nortonrosefulbright.com
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Fax: 416.216.3930

Lawyers for Viraf Kapadia, a creditor