

STAR NAVIGATION SYSTEMS GROUP LTD.

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

WITH RESPECT TO THE

ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON

MARCH 13, 2015

JANUARY 28, 2015

STAR NAVIGATION SYSTEMS GROUP LTD.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual general meeting (the "**Meeting**") of the holders of common shares (the "**Shareholders**") of Star Navigation Systems Group Ltd. ("**Star**" or the "**Corporation**") will be held at the offices of Fogler, Rubinoff LLP, 77 King Street West, Suite 3000, Toronto, Ontario M5K 1G8 at 10:30 a.m. (Toronto time) on March 13, 2015 (the "**Meeting**") for the following purposes:

1. to receive the annual report of the board of directors of the Corporation (the "**Board of Directors**") to the Shareholders and the audited financial statements of the Corporation for the fiscal year ended June 30, 2014;
2. to elect directors to hold office for the ensuing year;
3. to re-appoint Collins Barrow Toronto LLP, Chartered Accountants, as the auditors of the Corporation for the ensuing year and to authorize the Board of Directors to fix their remuneration.
4. to transact such further or other business as may be properly brought before the Meeting or any adjournment or adjournments thereof.

The specific details of the matters proposed to be brought before the Meeting, including the text of the resolutions in respect thereof, are set forth in the Management Information Circular accompanying this notice. The Corporation's audited financial statements for the fiscal year ended June 30, 2014, as well as a supplemental mailing list return request and proxy form with a return envelope also accompany this notice.

NOTICE-AND-ACCESS

Notice is also hereby given that the Corporation has decided to use the notice-and-access method of delivery of meeting materials for the Meeting. The notice-and-access method of delivery of meeting materials allows the Company to deliver the meeting materials over the internet in accordance with the notice-and-access rules adopted by the Ontario Securities Commission under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*. Under the notice-and-access system, shareholders still receive a proxy or voting instruction form (as applicable) enabling them to vote at the Meeting. However, instead of a paper copy of the Circular, the annual financial statements and other meeting materials (collectively the "**Meeting Materials**"), shareholders receive a notification (the "**Notice-and-Access Notification**") with information on how they may access such materials electronically. The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and will also reduce the cost of printing and mailing materials to shareholders. **Shareholders are reminded to view the Meeting Materials prior to voting.**

Websites Where Meeting Materials Are Posted:

Meeting Materials can be viewed online under the Corporation's profile at www.sedar.com or on the Corporation's website at www.star-navigation.com.

How to Obtain Paper Copies of the Meeting Materials

Registered holders or non-registered holders may request paper copies of the Meeting Materials be sent to them by postal delivery at no cost to them. Requests may be made up to one year from the date the Meeting Materials are posted on the Corporation's website. In order to receive a paper copy of the Meeting Materials or if you have questions concerning Notice-and-Access, please call the Corporation's transfer agent toll free at 1 (800) 631-0940.

Requests should be received by 10:00 a.m. on February 29, 2015, in order to receive the Meeting Materials in advance of the Meeting.

DATED at the City of Toronto, in the Province of Ontario, this 28 day of January, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) " Viraf S. Kapadia "

Viraf S. Kapadia
Chief Executive Officer

IMPORTANT

SHAREHOLDERS WHO ARE UNABLE TO ATTEND THE MEETING IN PERSON AND WHO WISH TO ENSURE THAT THEIR SHARES WILL BE VOTED AT THE MEETING MUST COMPLETE, DATE AND SIGN THE FORM OF PROXY SENT PURSUANT TO NOTICE AND ACCESS DELIVERY AND DELIVER IT IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT IN THE FORM OF PROXY AND IN THE MANAGEMENT INFORMATION CIRCULAR. IN ORDER TO BE VALID, PROXIES MUST BE RECEIVED BY THE REGISTRAR AND TRANSFER AGENT OF THE CORPORATION, CAPITAL TRANSFER AGENCY INC., 121 RICHMOND STREET WEST, SUITE 401, TORONTO, ON M5H 2K1, NOT LESS THAN 48 HOURS PRIOR TO THE COMMENCEMENT OF THE MEETING OR ANY ADJOURNMENT(S) THEREOF, EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS.

STAR NAVIGATION SYSTEMS GROUP LTD.
MANAGEMENT INFORMATION CIRCULAR

GENERAL PROXY INFORMATION

SOLICITATION OF PROXIES

This management information circular (the "Information Circular") is furnished in connection with the solicitation of proxies by or on behalf of the management of Star Navigation Systems Group Ltd. (the "Corporation" or "Star") for use at the annual general meeting (the "Meeting") of shareholders of the Corporation (the "Shareholders") to be held on March 13, 2015, at 10:30 a.m. (Toronto time), or any adjournment thereof, at the offices of Fogler, Rubinoff LLP, 77 King Street West, Suite 3000, Toronto, Ontario M5K 1G8 for the purposes set out in the accompanying notice of meeting (the "Notice of Meeting").

The solicitations will be made primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers and regular employees of the Corporation at nominal cost. Banks, brokers, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting materials to beneficial owners, and the Corporation will reimburse such persons for reasonable out-of-pocket expenses incurred by them in this connection. The expenses of soliciting proxies, including the cost of preparing, assembling and mailing this proxy material to Shareholders, will be borne by the Corporation.

The Corporation has decided to use the notice-and-access method of delivery of meeting materials for the Meeting for registered shareholders and Beneficial Shareholders (as defined below). The notice-and-access method of delivery of Meeting materials allows the Corporation to deliver the Meeting materials over the internet in accordance with the notice-and-access rules adopted by the Ontario Securities Commission under National Instrument 54-101-Communication with Beneficial Owners of Securities of a Reporting Issuer.

Registered shareholders will receive a form of proxy and beneficial owners will receive a voting instruction form, enabling them to vote at the Meeting. However, instead of a paper copy of the Meeting materials, generally shareholders receive only this notice with information on how they may access such materials electronically. The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and will also reduce the cost of printing and mailing materials to shareholders. Shareholders are reminded to view the Meeting materials prior to voting. Materials can be viewed online under the Corporation's profile at www.sedar.com or on the Corporation's website at <http://www.star-navigation.com>. The Corporation will not be adopting stratification procedures in relation to the use of notice-and-access provisions.

Registered holders or Beneficial Shareholders (either those who object to their identity being known to the issuers of securities which they own or those who do not object to their identity being made known to the issuers of the securities they own) may always request paper copies of the Meeting materials be sent to them by postal delivery at no cost to them. Requests may be made up to one year from the date the Meeting materials are posted on the Corporation's website. In order to receive a paper copy of the Meeting materials or if you have questions concerning notice-and-access, please call the Corporation's transfer agent toll free at 1 (800) 631-0940. Requests should be received by February 27, 2015 in order to receive the Meeting materials in advance of the Meeting date.

VOTING OF PROXIES

The common shares of the Corporation (the "**Common Shares**") represented by the accompanying form of proxy (if the same is properly executed in favour of Viraf S. Kapadia, Chief Executive Officer, or failing him, Randy Koroll, Chief Financial Officer, the management nominees), and is received by mail at Capital Transfer Agency Inc., 121 Richmond Street West, Suite 401, Toronto, ON M5H 2K1, by no later than 10:30 a.m. (Toronto time) on March 9, 2015 or, if the Meeting is adjourned, then not less than 48 hours (excluding Saturdays, Sundays and holidays) before any such adjourned meeting) will be voted at the Meeting, and, where a choice is specified in respect of any matter to be acted upon, will be voted or withheld from voting in accordance with the specification made. **In the absence of such a specification, the person designated in the accompanying form of proxy will vote in favour of all matters to be acted on at the Meeting.**

The form of proxy sent pursuant to Notice and Access delivery confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters set forth in the accompanying Notice of Meeting, or all other business or matters that may properly come before the Meeting. At the date hereof, management of the Corporation knows of no such amendments, variations or other business or matters to come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of management of the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of proxy are officers of the Corporation. You have the right to appoint some other person or company of your choice, who need not be a Shareholder, to attend and act on your behalf at the Meeting. A Shareholder desiring to appoint some other person or company to represent him or her at the Meeting may do so either by inserting the name of such person or company in the blank space provided in the accompanying form of proxy and striking out the names of the management nominees or by duly completing another proper form of proxy and, in either case, depositing the completed proxy by mail to Capital Transfer Agency Inc., 121 Richmond Street West, Suite 401, Toronto, ON M5H 2K1, before the specified time described in the previous section.

A Shareholder giving a proxy has the power to revoke it. Such revocation may be made by the Shareholder attending the Meeting by fully executing another form of proxy bearing a later date and duly depositing the same before the specified time, or by written instrument revoking such proxy duly executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited at the office of the Corporation or its registrar and transfer agent, Capital Transfer Agency Inc., 121 Richmond Street West, Suite 401, Toronto, ON M5H 2K1, at any time up to and including 5:00 p.m. (Toronto time) the last day (other than a Saturday, Sunday or any other holiday in Toronto, Ontario) preceding the date of the Meeting, or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law. Such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

ADVICE TO BENEFICIAL HOLDERS

The information set forth in this section is of significant importance to many public Shareholders of the Corporation, as a substantial number of the public Shareholders of the Corporation do not hold Common Shares in their own names. Shareholders who do not hold their Common Shares in their own names (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only

proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of the Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The CDS Clearing & Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting Common Shares for their clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered Shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications. ("**Broadridge**"). Broadridge typically applies a decal to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a proxy with a Broadridge decal on it cannot use that proxy to vote Common Shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

Since the Corporation does not have access to the names of its non-registered Shareholders, if a Beneficial Shareholder attends the Meeting, the Corporation will have no record of the Beneficial Shareholder's shareholdings or of its entitlement to vote unless the Beneficial Shareholder's nominee has appointed the Beneficial Shareholder as proxyholder. Therefore, a Beneficial Shareholder who wishes to vote in person at the Meeting must insert his/its own name in the space provided on the voting instruction form sent to the Beneficial Shareholder by its nominee, and sign and return the voting instruction form by following the signing and returning instructions provided by its nominee. By doing so, the Beneficial Shareholder will be instructing its nominee to appoint the Beneficial Shareholder as proxyholder. The Beneficial Shareholder should not otherwise complete the voting instruction form as its vote will be taken at the Meeting.

QUORUM

A quorum will be present at the Meeting if there are at least two (2) persons present, each of whom is either a Shareholder entitled to attend and vote at the Meeting or the proxyholder of a Shareholder appointed by means of a valid proxy, each holding or representing by proxy not less than one issued and outstanding Common Share of the Corporation.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The authorized capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value, an unlimited number of first preferred shares without par value issuable in series and an unlimited number of second preferred shares without par value issuable in series.

The Common Shares are listed for trading on the TSX Venture Exchange (the "TSXV") under the symbol "SNA". Shareholders of record at the close of business on January 27, 2015 (the "Record Date") are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held.

As of the Record Date, there were 334,467,892 Common Shares and 615,000 Series I first preferred shares and no second preferred shares issued and outstanding. All preferred shares are non-voting, except as otherwise provided by law.

To the best of the knowledge of the directors and executive officers of the Corporation, no person or company beneficially owns, directly or indirectly, directs or exercises control over more than 10% of the Common Shares.

MATTERS TO BE ACTED UPON AT THE MEETING

PRESENTATION OF FINANCIAL STATEMENTS

The financial statements for the fiscal year ended June 30, 2014 and the report of the Corporation's auditors thereon will be placed before the Meeting.

APPOINTMENT AND REMUNERATION OF AUDITORS

Management recommends the re-appointment of Collins Barrow Toronto, LLP, Chartered Accountants of Toronto, Ontario, the present auditors, as the auditors of the Corporation to hold office until the close of the next annual meeting of the Shareholders at remuneration to be fixed by the directors. Collins Barrow LLP has served as the Corporation's auditors continuously since July 27, 2009.

Common Shares represented by proxies in favour of management nominees will be voted for the re-appointment of Collins Barrow Toronto, LLP as auditors of the Corporation and authorizing the directors of the Corporation to fix their remuneration, unless a Shareholder has specified in his proxy that his Common Shares are to be withheld from voting on the re-appointment of Collins Barrow Toronto LLP.

ELECTION OF DIRECTORS

The board of directors (the "Board" or the "Board of Directors") currently consists of five (5) directors. Pursuant to the Articles of the Corporation, the number of directors to be elected by the holders of voting shares shall be a minimum of one (1) and a maximum of ten (10). The Board proposes to nominate the five (5) individuals named in the following tables for election by the Shareholders at the Meeting as directors of the Corporation. Each director elected will hold office until the next annual meeting of the Corporation or until his successor is duly elected or appointed, unless: (i) his office is earlier vacated in accordance with the articles and by-laws of the Corporation; or (ii) he becomes disqualified to act as a director. All of the nominees are currently directors of the Corporation.

Unless provided to the contrary, the persons named in the accompanying form of proxy (if the same is duly executed in their favour and is duly deposited) will vote the shares represented thereby in favour of electing as directors the nominees named below, to serve until the next annual meeting of Shareholders of the Corporation or until his or her successor is elected or appointed. In case any of the following nominees should become unavailable for election for any reason, unless provided to the contrary, the persons named in the accompanying form of proxy will vote the Common Shares represented thereby in

favour of electing the remaining nominees and such other substitute nominees as a majority of the directors of the Corporation may designate in such event.

The Corporation has adopted a policy for non-contested meetings whereby any nominee for election as a director for whom the number of votes withheld exceeds the number of votes cast in his or her favour at an annual (or annual and special) meeting of Shareholders will be deemed not to have received the support of Shareholders, even if he or she is elected. A director elected in such circumstances must immediately tender his or her resignation to the Compensation and Corporate Governance Committee, and the committee will submit a recommendation to the Board. Within 90 days of receiving the final voting results, the Board will issue a press release announcing the resignation of the director or explaining the reasons justifying its decision not to accept such resignation. **Common Shares represented by proxies in favour of management nominees will be voted for the election of all of the nominees whose names are set forth below, unless a Shareholder has specified in his proxy that his Common Shares are to be withheld from voting on the election of directors.**

The following table and the notes thereto state the names of all persons to be nominated for election as directors, all other positions or offices with the Corporation now held by them, their principal occupations of employment, the year in which they became directors for the Corporation, the approximate number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by each of them, as of the date hereof, and the number of options to acquire Common Shares held by each of them as of the date hereof.

Name and Municipality of Residence	Present Principal Occupation	Year first became director	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾	Number of Options Held
Viraf Kapadia ⁽²⁾⁽³⁾⁽⁵⁾ Mississauga, ON, Canada	Chief Executive Officer of Star Navigation Systems Group Ltd.	August 29, 2002	7,984,733	2,300,000
Ibrahim Al Hamer ⁽⁴⁾ Muharraq, Kingdom of Bahrain	Executive Chairman, Techno ProSys™~ eSolutions & Aero Consulting. Middle East Operations Manager, Star Navigation Systems Group Ltd.	October 20, 2003	2,233,333	800,000
Abdul Mawji, ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Mississauga, ON	Chartered Professional Accountant, Management and Audit Consultant,	November 26, 2014	nil	300,000
Pierre Jeannot , ⁽²⁾⁽³⁾⁽⁴⁾ Montreal, P.Q.	President, Jinmag Inc.	May 1, 2012	1,010,541	861,900
Gus Nariman ⁽²⁾⁽⁴⁾⁽⁵⁾ Toronto, ON	Airline Captain,	August 9, 2011	1,193,333	420,000

Notes:

- (1) The information as to Common Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective directors and officers individually.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation and Corporate Governance Committee.
- (4) Independent director.
- (5) Member of the Strategic Planning and Human Resources Committee

As of the Record Date, the directors and executive officers of the Corporation, as a group, owned beneficially, or controlled or directed directly or indirectly, approximately 12,421,940 Common Shares, representing approximately 3.7 % of the outstanding Common Shares.

Orders, Penalties and Bankruptcies

To the knowledge of the Corporation, as of the date hereof, except as noted below, no director to be nominated for election at the Meeting:

- (a) is at the date of this Information Circular, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
 - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (b) is at the date of this Information Circular, or has been, within 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while such nominee was acting in that capacity, or within a year of such nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such nominee.

For the purposes of the above section, the term "order" means:

- (i) a cease trade order ; (See Note 1 below)
- (ii) an order similar to a cease trade order; or
- (iii) an order that denied the relevant company access to any exemption under securities legislation

that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Corporation, as of the date hereof, no director nominated for election at the Meeting has been subject to:

- (d) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

any other penalties or sanctions imposed by a court or regulatory body.

Note 1: Two of the directors proposed for election, namely Messrs. Kapadia and Al Hamer, were directors of the Corporation in November, 2004. At that time, the Corporation was subject to a cease trade order resulting from a delay in the filing of audited financial statements. The audited financial statements were filed and the cease trade order lifted.

OTHER BUSINESS

Directors and officers of the Corporation are not aware of any matters, other than those indicated above, which may be submitted to the Meeting for action. However, if any other matters should properly be brought before the Meeting, the enclosed proxy confers discretionary authority to vote on such other matters according to the best judgment of the management designees at the Meeting.

EXECUTIVE COMPENSATION

The following table provides a summary of total compensation earned during each of the twelve month periods ended June 30, 2014, 2013, and 2012, respectively, by the Corporation's Chief Executive Officer and Chief Financial Officer, each of the three other most highly compensated executive officers of the Corporation who were serving as such as at June 30, 2014 and whose total compensation was, individually, more than C\$150,000 (the "**Named Executive Officers** or "**NEOs**") and each other individual who would have been an NEO but for the fact that such individual was neither serving as an executive officer, nor acting in a similar capacity, as at June 30, 2014 (hereinafter, collectively, referred to as the "**Other Executive Officers**" ") for services rendered in all capacities during such period.

SUMMARY COMPENSATION TABLE							
Name and Principal Position of Named Executive Officer	Twelve Months Ended Jun 30	Salary (CDN\$)	Option-Based Awards (CDN\$) (3)	Non-Equity Incentive Plan Compensation ⁽¹⁾		All Other Compensation (CDN\$)	Total Compensation (CDN\$)
				Annual Incentive Plans (CDN\$)	Long-Term Incentive Plans (CDN\$)		
Viraf Kapadia Chief Executive Officer	2014	270,000(2)	Nil	Nil	Nil	12,000(4)	282,000
	2013	270,000(2)	57,068			12,000(4)	339,068
	2012	270,000(2)	6,406			12,000(4)	288,406
Randy Koroll Chief Financial Officer	2014	81,000	4,938	Nil	Nil	Nil	85,938
	2013	75,000	10,127				85,127
	2012	70,000	9,708				79,708
							52,500

Dale F. Sparks (5) Chief Technology Officer	2014	Nil	Nil	Nil	Nil	Nil	Nil
	2013	74,999	Nil				74,999
	2012	180,000	Nil				180,000
John Thorburn (6) Chief Operating Officer	2014	58,221	Nil	Nil	Nil	Nil	58,221
	2013	150,000	9,517				159,517
	2012	150,000	Nil				150,000
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Notes:

(1) The Corporation does not have an annual performance bonus plan. However, the Compensation and Corporate Governance Committee and/or the Board of Directors may award annual discretionary bonuses based on an individual or the Corporation achieving certain designated objectives and for superior or exceptional performance in relation to such objectives. Bonuses are discussed and approved by the Compensation and Corporate Governance Committee after year end to be paid the following year in respect of the prior year. No bonuses were paid in fiscal 2014

(2) Salary in the fiscal year ended June 30, 2012 was partially accrued for Viraf Kapadia (and in the amount of \$42,000 for Dale F. Sparks). Salary in the fiscal year ended June 30, 2013 was partially accrued for Viraf Kapadia. Salary in 2014 was accrued for Viraf Kapadia. These accrual amounts have been recorded in the books of the Corporation as "Due to related parties" in the annual financial statements.

(3) These option based awards include options granted are calculated using the Black-Scholes valuation model. . See the Consolidated Financial Statements for the Corporation for the Years Ended June 30, 2014 for more information. The Auditors used the Black-Scholes valuation model as it most accurately captured the fair value of such stock options.

(4) Car allowance, which is payable to Mr. Kapadia pursuant to the Kapadia Employment Agreement. (See "Termination and Change of Control")

(5) On February 1, 2012, Dale F. Sparks left the Corporation. The position of Chief Technology Officer has not been filled. Severance totaling \$74,999 was paid to Dale F. Sparks in September 2012.

(6) On July 13, 2013, John Thorburn left the Corporation. The position of Chief Operating Officer has not been filled. Severance totaling \$58,221 was paid to John Thorburn in July 2013 and March 2014.

NEO OUTSTANDING OPTION-BASED AWARDS

The table below reflects all option-based awards for each Named Executive Officer outstanding as at June 30, 2014. The Corporation does not have any other equity incentive plans other than its Stock Option Plan.

NEO OPTION-BASED AWARDS OUTSTANDING AS AT June 30, 2014				
Name of Named Executive Officer	Number of Securities Underlying Unexercised Options⁽¹⁾	Option Exercise Price (CDN\$/Security)	Option Expiration Date	Value of Unexercised In-the-Money Options (CDN\$)⁽²⁾
Viraf Kapadia Chief Executive Officer	300,000	\$0.15	February 15, 2018	Nil
	550,000	\$0.15	February 15, 2018	
	300,000	\$0.15	January 15, 2018	
	200,000	\$0.15	April 15, 2015	
	500,000	\$0.15	January 01, 2015	
	450,000	\$0.32	March 31, 2016	
Randy Koroll Chief Financial Officer	150,000	\$0.12	October 20, 2016	Nil
	200,000	\$0.12	February 15, 2018	Nil
	200,000	\$0.15	April 15, 2016	Nil
	200,000	\$0.20	August 22, 2016	Nil
	50,000	\$0.22	March 31, 2016	Nil

Notes:

- (1) Each option entitles the holder to purchase one Common Share.
(2) All of the options vested on the day they were granted. Calculated using the closing price per Common Share on the TSXV on June 30, 2014 of \$0.07 less the exercise price of the applicable stock options.

INCENTIVE AWARD PLANS

The following table provides information concerning the incentive award plans of the Corporation with respect to each Named Executive Officer during the fiscal year ended June 30, 2014. The only incentive award plan of the Corporation during fiscal 2014 was its Stock Option Plan.

INCENTIVE AWARD PLANS – VALUE VESTED OR EARNED DURING THE FISCAL YEAR ENDED JUNE 30, 2014		
Name of Executive Officer	Option-Based Awards – Value Vested During Fiscal 2014 (CDN\$)⁽¹⁾	Non-Equity Incentive Plan Compensation – Value Earned During Fiscal 2014 (CDN\$)
Viraf Kapadia	Nil	Nil
Randy Koroll	Nil	Nil

Notes:

- (1) All of the options for Messrs. Koroll and Kapadia vested between 4-12 months. The trading price of the Common Shares on the day before the options were granted was \$0.04.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth aggregated information as at June 30, 2014 with respect to compensation plans of the Corporation under which equity securities of the Corporation are authorized for issuance. The only incentive award plan of the Corporation during fiscal 2014 was its Stock Option Plan.

Plan Category ⁽¹⁾	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (\$)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in the second column)
Stock Option Plan	30,000,000	\$0.21	2,481,628

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The Compensation Discussion and Analysis section of this Information Circular sets out the objectives of the Corporation's executive compensation arrangements, the Corporation's executive compensation philosophy and the application of this philosophy to the Corporation's executive compensation arrangements. It also provides an analysis of the compensation design, and the decisions that the Compensation and Corporate Governance Committee made in fiscal 2014 with respect to the Named Executive Officers. When determining the compensation arrangements for the Named Executive Officers, the Compensation and Corporate Governance Committee considers the objectives of: (i) retaining an executive critical to the success of the Corporation and the enhancement of Shareholder values; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Shareholders of the Corporation; and (iv) rewarding performance, both on an individual basis and with respect to the business in general.

Benchmarking

The Compensation and Corporate Governance Committee considers a variety of factors when designing and establishing, reviewing and making recommendations for executive compensation arrangements for all executive officers of the Corporation. The Compensation Committee looks at factors such as the relative complexity of the executive's role within the organization, the executive's performance and potential for future advancement, competitive compensation and the executive's overall contribution to the Corporation's success.

Elements of Compensation

The compensation paid to the Named Executive Officers in any year consists of two (2) primary components: (i) base salary; (ii) stock options; and (iii) annual discretionary bonus incentive.

The Corporation believes that a significant portion of a Named Executive Officers compensation based on a base salary and long term incentives supports the Corporations executive compensation philosophy as these forms of compensation allow those most accountable for the Corporations success to acquire and hold the Corporations shares. The key features of these components are as follows:

1. *Base Salary*

Base salary recognizes the value of an individual to the organization, based on skill, performance, contributions, leadership and potential. Base salaries for Named Executive Officers are reviewed annually.

Base salary is critical in attracting and retaining executive talent in the markets in which the Corporation competes for talent.

Any change in base salary of a Named Executive Officer is generally determined by an assessment of such executive's performance, a consideration of competitive compensation levels in companies similar to the Corporation and a review of the performance of the Corporation as a whole and the role such executive officer played in such corporate performance.

2. *Stock Option Awards*

The Corporation provides long-term incentives to the Named Executive Officers in the form of stock options as part of its overall executive compensation strategy. The Compensation and Corporate Governance Committee believes that stock option grants serve the Corporation's executive compensation philosophy in several ways: firstly, it helps attract, retain, and motivate talent; secondly, it aligns the interests of the Named Executive Officers with those of the Shareholders by linking a specific portion of the officer's total pay opportunity to share price; and finally, it provides long-term accountability for Named Executive Officers.

Besides the plans that are available to substantially all employees, and the car allowance to Mr. Kapadia, the Corporation does not offer any additional perquisites and other benefits to any Named Executive Officers.

3. *Annual Discretionary Bonus Incentive*

The Corporation does not have an annual performance bonus plan. However, the Compensation and Corporate Governance Committee and/or the Board of Directors may award annual discretionary bonuses based on an individual or the Corporation achieving certain designated objectives and for superior or exceptional performance in relation to such objectives. Bonuses are discussed and approved by the Compensation and Corporate Governance Committee, usually after year end to be paid the following year in respect of the prior year. **No bonuses were paid in fiscal 2014.**

Executive Benefit Plans and Other Elements of Compensation

Only the Chief Executive Officer and Chief Operating Officer are eligible to participate in the benefit plans that are available to substantially all of the Corporation's other employees. These benefit programs include supplementary medical insurance, dental insurance, life insurance, long-term disability and long-term care plans. The Corporation does not provide any post-retirement benefits to any of the Named Executive Officers or employees of the Corporation.

Termination and Change of Control Benefits

On June 1, 2000, the Corporation entered into an employment agreement with Mr. Viraf Kapadia, Chief Executive Officer of the Corporation, (the "**Kapadia Employment Agreement**") for a 10 year term, which was renewed on January 1, 2010 for an additional 5 year period. The existing agreement has been renewed on an interim basis pending the report of the Compensation and Corporate Governance Committee, expected shortly. Pursuant to the terms of the Kapadia Employment Agreement, Mr. Kapadia is entitled to a base salary of \$270,000 per annum reviewable annually, and a performance bonus based on certain performance criteria. No performance bonus has been paid. In addition, Mr. Kapadia is entitled to participate in the Corporation's Stock Option Plan and group insurance benefits. Mr. Kapadia is also entitled to four (4) weeks paid vacation per year, as well as certain car allowance, annual allowance and traveling and other expenses. The Kapadia Employment Agreement imposes confidentiality obligations on Mr. Kapadia, as well as non-competition and non-solicitation obligations during the term of the Kapadia Employment Agreement and for a period of five (5) years after the termination of the Kapadia Employment Agreement.

The Corporation may terminate the Kapadia Employment Agreement for cause, or without cause upon providing Mr. Kapadia with 14 days' notice of termination and 60 months' salary plus royalties. A portion of Mr. Kapadia's salary is accrued on a monthly basis. The Compensation and Corporate Governance Committee is currently reviewing compensation packages for all Named Executive Officers.

COMPENSATION OF DIRECTORS

As of June 30, 2014 the Corporation had four (4) directors, one (1) of whom is also a Named Executive Officer. A fifth director, Mr. Abdul Mawji, was appointed to fill a vacancy on the Board in November, 2014, and is standing for re-election. For a description of the compensation paid to the Named Executive Officers of the Company who also act as directors, see "Summary Compensation Table" above.

Except as disclosed here, none of the directors of the Corporation has any arrangements with the Corporation whereby they are compensated for services rendered in their capacity as directors, or for committee participation or for services as a consultant or expert during the fiscal year ended June 30, 2014.

The Corporation compensates its independent directors \$2,000 per month during the year. This amount is not paid in cash and may only be applied against the exercise by such director of options granted under the Stock Option Plan from time to time, as determined by the Board of Directors. During the most recently completed fiscal year of the Corporation, a total of \$82,323 was allocated to non-executive directors of the Corporation in respect of monthly retainer and the Board and Board committee compensation. Certain directors are also remunerated in cash for time spent as Committee Chairs. Directors are also entitled to receive stock options under the Corporation's Stock Option Plan. See "Director Outstanding Option-Based Awards" for additional information on such option grants. The Compensation and Corporate Governance Committee believes that option grants encourage actual share ownership and aligns the interests of the non-employee directors with those of Shareholders.

Individual Director Compensation for Fiscal 2014

The following table provides a summary of all amounts of compensation provided to the directors of the Corporation during the fiscal year ended June 30, 2014.

DIRECTOR COMPENSATION TABLE FOR FISCAL 2014					
Name⁽¹⁾	Fee Earned (CDN\$)	Option-Based Awards (CDN\$)	Non-Equity Incentive Plan Compensation (CDN\$)	All Other Compensation (CDN\$)	Total (CDN\$)
Ibrahim Al Hamer	\$24,000	Nil	Nil	Nil	\$24,000
Charles Wyburn	\$20,646	Nil	Nil	Nil	\$20,646
Gus Nariman	\$36,000	Nil	Nil	Nil	\$36,000
Pierre Jeannot	\$36,000	Nil	Nil	Nil	\$36,000

Note:

(1) The relevant disclosure for Mr. Kapadia and Mr. Sparks, who resigned as a director of the Corporation April 13, 2012, is provided in the Summary Compensation Table for NEO's above.

Director Outstanding Option-Based Awards

The table below reflects all option-based awards for each director of the Corporation outstanding as at June 30, 2014 (including option-based awards granted to a director before fiscal 2012). The Corporation does not have any other equity incentive plans other than the Stock Option Plan.

DIRECTOR OPTION-BASED AWARDS OUTSTANDING AS AT JUNE 30, 2014				
Name of Director	Number of securities Underlying Unexercised Options	Option Exercise Price (CDN\$/Security)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽¹⁾ (CDN\$)
Viraf Kapadia	300,000	\$0.15	February 15, 2018	Nil
	550,000	\$0.15	February 15, 2018	
	300,000	\$0.15	January 15, 2018	
	200,000	\$0.15	April 15, 2015	
	500,000	\$0.15	January 01, 2015	
	450,000	\$0.32	March 31, 2016	
Ibrahim Al Hamer	100,000	\$0.15	February 15, 2018	nil
	200,000	\$0.15	January 15, 2018	nil
	200,000	\$0.15	April 15, 2015	nil
Gus Nariman	100,000	\$0.15	February 15, 2018	nil
	120,000	\$0.20	August 31, 2016	nil
	200,000	\$0.15	April 15, 2016	nil
Pierre Jeannot	300,000	\$0.15	February 15, 2018	nil
	61,900	\$0.15	January 15, 2018	nil
	300,000	\$0.10	April 15, 2016	nil
	100,000	\$0.15	March 31, 2016	nil
	100,000	\$0.10	June 14, 2016	nil

Note:

- (1) All of the options vested on dates ranging from three months to one year. The trading price of the Common Shares on the TSXV as of the close of day on June 30, 2014 was \$0.07 per Common Share.

The following table provides information concerning the incentive award plans of the Corporation with respect to each director of the Corporation during the fiscal year ended June 30, 2014. The only incentive award plan of the Corporation during fiscal 2014 was the Stock Option Plan.

INCENTIVE AWARD PLANS – VALUE VESTED OR EARNED DURING THE FISCAL YEAR ENDED JUNE 30, 2014		
Name of Director	Option-Based Awards – Value Vested During Fiscal 2014 (CDN\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation – Value Earned During Fiscal 2014(CDN\$)
Ibrahim Al Hamer	\$nil	Nil
Gus Nariman	\$nil	Nil
Pierre Jeannot	\$nil	Nil

Note:

(1) There were no in the money options granted in the period July 1, 2013 to June 30, 2014.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer of the Corporation and no associate of any director or officer of the Corporation was indebted to the Corporation at any time during the financial year ended June 30, 2014.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, to the best knowledge of the directors or senior officers of the Corporation after having made reasonable inquiry, had any material interest, direct or indirect in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last completed financial year, no person who is a proposed nominee for election as a director of the Corporation and no associate or affiliate of any such director, executive officer or proposed nominee, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting other than the election of directors.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

In accordance with the requirements of National Instrument 58-101 — *Disclosure of Corporate Governance Practices* ("**NI 58-101**") and National Policy 58-201 — *Corporate Governance Guidelines*, the Corporation is required to provide full and complete disclosure of its corporate governance policies. The Corporation's corporate governance policies are set out below. The Board will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

Board of Directors

The Board of Directors of the Corporation currently consists of five (5) directors: Viraf Kapadia, Chief Executive Officer of the Corporation, Pierre Jeannot, Gus Nariman, Ibrahim Al Hamer and Abdul Mawji. All of the aforementioned directors are proposed to be nominated as directors at the Meeting.

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is in turn defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgment.

Viraf Kapadia is not considered "independent" as a result of his position as Chief Executive Officer of the Corporation. The remaining directors are considered to be independent directors since they are all independent of management and free from any material relationship with the Corporation. The basis for this determination is that, since the beginning of the fiscal year ended June 30, 2014, none of the independent directors have worked for the Corporation, received remuneration from the Corporation (other than in their capacity as directors) or had material contracts with or material interests in the Corporation which could interfere with their ability to act with a view to the best interests of the Corporation.

The Board has determined that the current size and constitution of the Board is appropriate for the Corporation's current stage of development. In the event of a conflict of interest at a meeting of the Board, the conflicted director will, in accordance with corporate law and in accordance with his or her fiduciary obligations as a director of the Corporation, disclose the nature and extent of his or her interest to the meeting and abstain from voting on or against the approval of such participation. In addition, the members of the Board that are not members of management of the Corporation are encouraged by the management members of the Board to communicate and obtain advice from such advisors and legal counsel as they may deem necessary in order to reach a conclusion with respect to issues brought before the Board.

Other Reporting Issuer Directorships

Currently, none of the directors of the Corporation are also directors of other reporting issuers (or the equivalent).

Board Mandate

The Board is responsible for the conduct of the Corporation's affairs generally. The Board is responsible for reviewing and approving the Corporation's operating plans and budgets as presented by management. The Board is responsible for identifying the principal risks of the Corporation's business and for ensuring these risks are effectively monitored and mitigated to the extent practicable. Succession planning, including the recruitment, supervision, compensation and performance assessment of the Corporation's senior management personnel also fall within the ambit of the Board's responsibilities. The Board is responsible for ensuring effective communications by the Corporation with its Shareholders and the public and for ensuring that the Corporation adheres to all regulatory requirements with respect to the timeliness and content of its disclosure. In keeping with its overall responsibility for the stewardship of the financial affairs of the Corporation, the Board created an Audit Committee which is responsible for the integrity of the Corporation's internal control and management information systems.

The Board is responsible for approving annual operating plans recommended by management. The Board's consideration and approval is also required for all material contracts and business transactions and all debt and equity financing proposals.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Corporation's business in the ordinary course, managing the Corporation's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements.

The Board believes the Corporation is well served and the independence of the Board from management is not compromised. The Board does not have, and does not consider it necessary under the circumstances to have, any formal structures or procedures in place to ensure that the Board can function independently of management. The Board believes that its current composition is sufficient to ensure that the Board can function independently of management.

Position Descriptions

The Chief Executive Officer and the Board have not, to date, developed a formal, documented position description of the Chief Executive Officer nor defined the limit of management's responsibilities. The Board is currently of the view that the respective corporate governance roles of the Board and management are clear and that the limits to management's responsibility and authority are reasonably well-defined.

Orientation and Continuing Education

The Corporation does not provide a formal orientation and education program for new directors of the Corporation. However, any new directors will be given the opportunity to (a) familiarize themselves with the Corporation, the current directors and members of management; (b) review copies of recently publicly filed documents of the Corporation and the Corporation's internal financial information; (c) have access to technology experts and consultants; (d) review all Corporate Policies and in particular, the Corporate Governance and Disclosure Policies and (e) review a summary of significant corporate and securities legislation. Directors are also given the opportunity for continuing education. Board meetings may also include presentations by the Corporation's management and consultants to give the directors additional insight into the Corporation's business.

Ethical Business Conduct

The Board presently has a Code of Business Conduct and Ethics, as the Board views good corporate governance as an integral component to the success of the Corporation. In addition, the Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by the applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

Nomination of Directors

The Board has a Compensation and Corporate Governance Committee currently comprised of Mr. Pierre Jeannot, Mr. Viraf Kapadia and Mr. Abdul Mawji. Messrs. Jeannot and Mawji are independent of management and Mr. Kapadia is the CEO of the Company. The Committee considers the board size each year when it considers the number of directors to recommend to the Shareholders for election at the annual meeting of Shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. The Compensation and Corporate Governance Committee considers the board's current size of five (5) directors, in light of the Corporation's state of development, to be optimal.

Compensation

The Compensation and Corporate Governance Committee is advised by the Chief Financial Officer, Randy Koroll. Directors' compensation is currently being re-considered by the Board.

The Corporation may also grant stock options to directors of the Corporation in consideration for their services provided to the Corporation.

Description of Board Committees

The Corporation does not have any standing committees, other than the Audit Committee, the Compensation and Corporate Governance Committee and the Strategic Planning and Human Resources Committee. Please refer to the section entitled "Audit Committee Information" for further information on the Audit Committee.

AUDIT COMMITTEE INFORMATION

Charter

Attached hereto as Schedule "A" is the text of the Audit Committee Charter of the Corporation.

Composition of the Audit Committee

The current members of the Audit Committee of the Corporation are Charles Wyburn, Pierre Jeannot and Gus Nariman. All committee members are financially literate, and all committee members are independent members of the Board, as such terms are defined in National Instrument 52-110 — Audit Committees ("NI 52-110").

Audit Committee Oversight

At no time since the commencement of the Corporation's financial year ended June 30, 2013 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's financial year ended June 30, 2013 has the Corporation relied on the exemption provided under section 2.4 of NI 52-110 (De minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Exemptions). However, the Corporation is not required to comply with Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110 given that it is a "venture issuer" as defined in NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee of the Corporation has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee's charter attached hereto as Schedule "A".

External Auditor Service Fees

The aggregate fees billed by the Corporation's external auditors in each of the fiscal years for audit fees are as follows:

External Auditor Service Fees

	Fiscal 2014	Fiscal 2013
Audit Fees	\$35,000	\$35,000
Audit-Related Fees	N/A	N/A
Tax Fees	N/A	N/A
All Other Fees	\$5,305	\$8,748
Total	\$40,305	\$43,748

APPROVAL

The contents and the sending of this Information Circular have been approved by the Board of the Corporation.

ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its comparative financial statements and Management's Discussion and Analysis for fiscal year ended June 30, 2014 and additional information relating to the Corporation is on SEDAR at www.sedar.com. If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the Comparative financial statements of the Corporation for the fiscal year ended June 30, 2014 together with the accompanying report of the auditors thereon and any interim financial statements of the Corporation for the periods subsequent to June 30, 2013 and Management's Discussion and Analysis with respect thereto; and
- (b) this proxy circular

Please send your request to

Star Navigation Systems Group Ltd.
2970 Lakeshore Blvd. W.
Suite 203
Toronto, Ontario
M8V 1J7

DATED at Toronto, Ontario this 28th day of January, 2014.

By Order of the Board of Directors

(Signed) "*Viraf Kapadia*"

Viraf Kapadia
Chief Executive Officer

SCHEDULE "A"
AUDIT COMMITTEE CHARTER
OF
STAR NAVIGATION SYSTEMS GROUP LTD.
(the "Corporation")

(Implemented pursuant to National Instrument 52-110- *Audit Committees*)

1. OVERALL PURPOSE / OBJECTIVES

The committee will provide independent review and oversight of the company's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the company's external auditors. The committee will also assist the Board in fulfilling its responsibilities in reviewing the company's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board of directors, management, and the external auditors and monitor the independence of those auditors. The committee will also be responsible for reviewing the Company's financial strategies, its financing plans and its use of the equity and debt markets.

To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the company's business, operations and risks.

2. AUTHORITY

The Board authorizes the committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to retain outside legal or professional counsel and other experts and to ensure the attendance of company officers at meetings as appropriate.

3. ORGANIZATION

3.1 Membership

(a) The committee will be comprised of at least three members, each of which should meet the following independence and qualification requirements:

(i) A committee member may not, other than in his or her capacity as a member of the committee, Board or any other committee of the Board, accept directly or indirectly any consulting, advisory or other compensatory fee from the company. The indirect acceptance of a consulting, advisory or other compensatory fee shall include acceptance of the fee by a spouse, minor child or stepchild, or child or stepchild sharing a home with the committee member, or by an entity in which such member is a partner, member or principal or occupies a similar position and which provides accounting, consulting, legal, investment banking, financial or other advisory services or any similar services to the company.

- (ii) A committee member may not have been employed by the company or any of its affiliates in the current or past three years.
- (iii) A committee member may not be an affiliate of the company or any of its subsidiaries.
- (b) The chairman of the audit committee will be nominated by the committee from time to time.
- (c) A quorum for any meeting will be two members.
- (d) The secretary of the committee will be such person as nominated by the Chairman.

3.2 Attendance at Meetings

- (a) The committee may invite such other persons (e.g. the CEO) to its meetings, as it deems appropriate.
- (b) The external auditors should be present at each quarterly audit committee meeting and be expected to comment on the financial statements in accordance with best practices.
- (c) Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
- (d) The proceedings of all meetings will be minuted.

4. ROLES AND RESPONSIBILITIES

The committee will:

- 4.1 Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- 4.2 Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- 4.3 Review the company's strategic and financing plans to assist the Board's understanding of the underlying financial risks and the financing alternatives.
- 4.4 Review management's plans to access the equity and debt markets and to provide the Board with advice and commentary.
- 4.5 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 4.6 Review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate.

- 4.7 Review the annual and quarterly financial statements including Management's Discussion and Analysis and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles, and, if appropriate, recommend to the Board that the annual and quarterly financial statements be included in the company's securities filings.
- 4.8 Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- 4.9 Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- 4.10 Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the company's equity investment.
- 4.11 Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- 4.12 Assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:
 - (a) actual financial results for the interim period varied significantly from budgeted or projected results;
 - (b) generally accepted accounting principles have been consistently applied;
 - (c) there are any actual or proposed changes in accounting or financial reporting practices;
 - (d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.
- 4.13 Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- 4.14 Review the performance of the external auditors and approve in advance provision of services other than auditing.
- 4.15 Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the company. The committee will obtain from the external auditors, on an annual basis, a formal written statement delineating all relationships between the external auditors and the company.
- 4.16 Select, evaluate, compensate and, if and when appropriate, replace the external auditors.
- 4.17 Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately, including the results of the external auditors' review of the adequacy and effectiveness of the company's accounting and financial controls.

- 4.18 Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- 4.19 Obtain regular updates from management and the company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
- 4.20 Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- 4.21 Perform other functions as requested by the full Board.
- 4.22 If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- 4.23 Review and update the charter; receive approval of changes from the Board.
- 4.24 Work with the Board to determine an appropriate annual budget for the committee and its required activities, including but not limited to the compensation of the external auditors and any outside counsel or other experts retained by the committee.
- 4.25 Create specific procedures for the receipt, retention and treatment of complaints regarding the company's accounting, internal accounting controls and auditing matters. These procedures will include, among other things, provisions for the confidential treatment of complaints and anonymity for employees desiring to make submissions.
- 4.26 Review and approve the company's hiring policy regarding partners, employees and former partners and employees of the present and former auditor of the company