

**ZTEST ELECTRONICS INC.**  
**523 McNicoll Avenue**  
**North York, Ontario**  
**M2H 2C9**

**VIA SEDAR**

Ontario Securities Commission  
19th Floor, 20 Queen Street West  
Toronto, Ontario M5H 3S8  
Attention: Continuous Disclosure

British Columbia Securities Commission  
12<sup>th</sup> Floor, Pacific Centre, 701 W. Georgia St.  
Vancouver, B.C. V7Y 1L2  
Attention: Continuous Disclosure

Alberta Securities Commission  
#600, 250 – 5<sup>th</sup> Street SW  
Calgary, Alberta T2P 0R4  
Attention: Continuous Disclosure

TSX Venture Exchange  
3<sup>rd</sup> Floor, 130 King Street West  
Toronto, Ontario M5X 1E5  
Attention: Market Operations

Dear Sirs/Mesdames:

**RE: Material Change Report**

1. The name of the Reporting Issuer is **ZTEST Electronics Inc.** (“**ZTEST**”) whose principal office is at 523 McNicoll Avenue, North York, Ontario, Canada, M2H 2C9.
2. The material change occurred on December 23, 2013.
3. A Press Release was published at Toronto on December 23, 2013 on the Marketwire - TSX Venture Disclosure Wire.
4. ZTEST announced that it had agreed in principal to the terms of a loan (the “**Loan Agreement**”) with two (2) non-arm’s length lenders (the “**Lenders**”) and its wholly owned subsidiary Permotech Electronics Corporation (“**Permotech**”) pursuant to which the Lenders will advance \$200,000 (the “**Equipment Term Loan**”) to Permotech for the purchase of a Siemens SIPLACE POE S27 pick and place unit with accessories.

As partial consideration for advancing the Equipment Term Loan, ZTEST has agreed to grant to the Lenders 400,000 bonus warrants (the “**Bonus Warrants**”).

5. The Equipment Term Loan will have a term expiring on October 31, 2017, will be unsecured, will be repayable as to interest only at the floating rate of TD Canada Trust prime plus 6% (the “**Interest Rate**”) until October 31, 2014 and thereafter in blended monthly payments of principal and interest (at the Interest Rate) amortized over three (3) years with the last payment due on October 31, 2017. The Equipment Term Loan will be fully open and repayable at any time after October 31, 2014 without penalty or bonus.

The Bonus Warrants entitle the Lenders to acquire one (1) common share of ZTEST at a price of \$0.10 per share until October 31, 2017. The transaction is subject to regulatory approval. The securities will be legended and restricted from trading until at least May 10, 2014. This transaction is scheduled to close on January 10, 2014.

One of the Lenders is a corporation controlled by Joanna Drzazga, the wife of ZTEST's CEO Ted Drzazga. The other is the CFO of ZTEST, Mike Kindy. The grant of Bonus Warrants to insiders is exempt from the valuation and minority shareholder approval requirements of Multilateral Instrument 61-101 ("MI 61-101") by virtue of the exemptions contained in sections 5.5(a) and 5.7(1) (a) of MI 61-101 in that the fair market value of the consideration for the securities of the Company to be issued to the insiders does not exceed 25% of its market capitalization. The transaction was approved by the disinterested directors of ZTEST.

The following table indicates the Bonus Warrants intended to be issued to Insiders, the post-transaction direct and indirect holdings in ZTEST held and the percentage the holding represents in the post-transaction outstanding shares:

<b>Names of Insiders</b>	<b># of Securities Issued (Direct Ownership, Indirect Ownership or Control or Direction)</b>	<b>Post-transaction Direct &amp; Indirect Holdings in the Issuer</b>	<b>% of Post-transaction Outstanding Shares <sup>(1) (2)</sup></b>
Michael Kindy	100,000 Bonus Warrants	169,666 Common Shares 100,000 Warrants	2.51%
1114377 Ontario Inc. <sup>(3)</sup>	300,000 Bonus Warrants	300,000 Warrants	2.74%

(1) Calculated based on partially-diluted outstanding capital for the holder including Bonus Warrants issued on this transaction to the holder and assuming the exercise of all warrants and options held by such holder.

(2) Based upon outstanding capital of 10,648,696 common shares before giving effect to the exercise of the Bonus Warrants.

(3) The Corporation is controlled by Joanna Drzazga, the wife of ZTEST's CEO Ted Drzazga.

Cautionary Note Regarding Forward-Looking Statements: This material change report contains forward-looking statements that involve risks and uncertainties, which may cause actual results to differ materially from the statements made. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to such risks and uncertainties. Many factors could cause our

actual results to differ materially from the statements made, including those factors discussed in filings made by us with the Canadian securities regulatory authorities. Should one or more of these risks and uncertainties, such as changes in demand for and prices for the products of the Company or the materials required to produce those products, labour relations problems, currency and interest rate fluctuations, increased competition and general economic and market factors, occur or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, or expected. We do not intend and do not assume any obligation to update these forward-looking statements, except as required by law. The reader is cautioned not to put undue reliance on such forward-looking statements.

6. This report is not being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102.
7. No information has been omitted because it is believed it should remain confidential.
8. For further information, please contact Mr. Ted Drzazga, Tel. #: (416) 297-5155 or Email: info@ztest.com.
9. The foregoing accurately discloses the material changes referred to herein.

**DATED** at Toronto, Ontario this 31<sup>st</sup> day of December, 2013.

**ZTEST ELECTRONICS INC.**

*“William R. Johnstone”*

Per: \_\_\_\_\_

WILLIAM R. JOHNSTONE  
Corporate Secretary