

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
12th Floor, Pacific Centre, 701 W. Georgia St.
Vancouver, B.C. V7Y 1L2
Attention: Continuous Disclosure

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

TSX Venture Exchange
3rd 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**” or the “**Corporation**”) whose principal office is at 523 McNicoll Avenue, North York, Ontario, Canada, M2H 2C9.
2. The material change occurred on February 14, 2011.
3. A Press Release was published at Toronto on February 14, 2011 on the Marketwire - TSX Venture Disclosure Wire.
4. ZTEST announced that it was offering up to 1,800,000 units at \$0.075 per unit (the “**Offering**”). Each unit is comprised of one (1) common share and one-half (½) of a share purchase warrant with each full share purchase warrant entitling the holder to acquire a common share of the Corporation at \$0.10 for five (5) years (a “**Unit**”) following closing. ZTEST will pay a 4% cash finders fee on the gross proceeds raised in the offering.

J.T. Risty Limited (“**Risty**”), an insider of the Corporation, intends to subscribe for up to 1,000,000 Units of the Offering for proceeds of up to \$75,000. Risty currently owns 745,790 common shares of ZTEST representing 14.2% of ZTEST. This insider transaction is exempt from the valuation and minority shareholder approval requirements of Multilateral Instrument 61-101 (“**MI61-101**”) by virtue of the exemptions contain in section 5.5(c) and 5.7(1)(b) of MI 61-101 in that the fair market value of the consideration for the securities of the Corporation to be issued to the insider is not more than \$2,500,000.

As a result of this proposed transaction, Risty will hold up to 1,745,790 common shares representing up to 27.88% of outstanding capital of 6,262,651 common shares (after

giving effect to the Risty private placement) and 500,000 warrants. Shareholder approval was obtained on March 11, 2010 for Risty to increase its ownership level above 20%.

5. Insiders of the Corporation (other than Risty) intend to subscribe for 400,000 Units for \$30,000 of the Offering. Ted Drzazga, CEO and a director of the Corporation, intends to subscribe for 300,000 Units and William R. Johnstone, Corporate Secretary of the Corporation, intends to subscribe for 100,000 Units.

The following table indicates the Units intended to be purchased by Insiders, the post closing direct and indirect holdings in ZTEST held and the percentage the holding represents in the post-closing outstanding shares:

Names of Insiders	# of Securities Purchased (Direct Ownership, Indirect Ownership or Control or Direction)	Post-closing Direct & Indirect Holdings in the Issuer	% of Post-Closing Outstanding Shares ^{(1) (2)}
Ted Drzazga	300,000 Units	411,377 Common Shares 150,000 Warrants 200,000 Options	10.86%
William R. Johnstone	100,000 Units	142,571 Common Shares 50,000 Warrants 100,000 Options	4.3%
Risty	1,000,000 Units	1,745,790 Common Shares 500,000 Warrants	31.35%

(1) Calculated based on partially-diluted outstanding capital for the holder including 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 6,662,488 common shares after giving effect to the Insider private placements only.

The transaction is scheduled to close on or after March 8, 2011 and disclosure will be made at that time regarding further subscriptions for the private placement.

The insider private placements are exempt from the valuation and minority shareholder approval requirements of MI61-101 by virtue of the exemptions contain in section 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 Corporation to be issued to insiders does not exceed 25% of its market capitalization. The insider private placements were approved by the disinterested directors of ZTEST.

The proceeds from the Offering will be used for working capital.

The private placement is subject to regulatory approval.

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 18th day of February, 2011.

“William R. Johnstone”

WILLIAM R. JOHNSTONE
SECRETARY