

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

**FILED VIA SEDAR**

Ontario Securities Commission  
19th Floor, 20 Queen Street West  
Toronto, Ontario, M5H 3S8

Alberta Securities Commission  
#600 250 - 5th Street SW  
Calgary, Alberta, T2P 0R4

Attention: Continuous Disclosure

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British Columbia Securities Commission  
12th Floor, Pacific Centre  
701 W. Georgia St.  
Vancouver, B.C., V7Y 1L2

Attention: Continuous Disclosure

Dear Sirs/Mesdames:

**RE: Material Change Report**

1. The name of the reporting issuer is **ZTEST Electronics Inc.** (“ZTEST” or the “Company”) whose principal office is at 523 McNicoll Avenue, North York, Ontario, Canada, M2H 2C9.
2. The material change occurred on February 29, 2016.
3. A Press Release was published at Toronto on February 29, 2016.
4. On February 29, 2016, the Company announced that it is placing 2,000,000 units at \$0.05 per unit (the “Offering”). Each unit comprises 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 Company at \$0.05 for five (5) years (a “Unit”) following closing. There is no finder’s fee payable for the Offering. The funds raised in this offering will be used to expand the business of Permotech Electronics Corp., the Company’s operating subsidiary, into a wider geographic area.
5. One subscriber for 1,000,000 Units is a corporation controlled by Joanna Drzazga, the wife of ZTEST’s CEO Ted Drzazga. The other subscriber for 1,000,000 Units is the President of ZTEST John Perreault. The related party private placements are exempt from the valuation and minority shareholder approval requirements of Multilateral Instrument 61-101 (“MI 61-101”) by virtue of the exemptions contain 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 issued to insiders does not exceed 25% of its market capitalization.

The following table indicates the common shares to be acquired by the related party in this private placement, the post-closing direct and indirect holdings in ZTEST to be held and the percentage the holding represents in the post-closing outstanding shares

<b>Name</b>	<b># of Securities issued pursuant to the private placement</b>	<b>Post- closing Direct &amp; Indirect Holdings in the Issuer</b>	<b>% of Post-Closing Outstanding Shares<sup>(1)</sup></b>	<b>% of Post-Closing Partially-diluted Outstanding Shares<sup>(2)</sup></b>
John Perreault	1,000,000 Common Shares 500,000 Warrants	1,098,439 Common Shares (98,439 Common Shares + 1,000,000 Common Shares) 275,000 Options 500,000 Warrants	8.68%	13.96%
1114377 Ontario Inc. <sup>(2)</sup>	1,000,000 Common Shares 500,000 Warrants	1,000,000 Common Shares (0 Common Shares + 1,000,000 Common Shares) 800,000 Warrants	7.91%	13.38%

Notes:

(1) Based on issued and outstanding capital of 12,648,696 after giving effect to the private placement

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

(3) 1114377 Ontario Inc. is controlled and owned by Joanna Drzazga, the wife of Ted Drzazga, CEO of the Company. She also holds 14,545 Common Shares of ZTEST. Mr. Drzazga does not have control over these shares. Ms. Drzazga will have a control over 8.02% post-closing outstanding shares or 13.49% based on partially-diluted outstanding capital.

The related party private placements were approved by the disinterested directors of the Company.

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 is omitted because it is to be kept confidential.
8. Mr. Ted Drzazga, C.E.O. of the Company, may be contacted at 416-297-5155 concerning this report.

9. The foregoing accurately discloses the material change referred to herein.

**DATED** at Toronto, Ontario this 1<sup>st</sup> day of March, 2016.

**ZTEST ELECTRONICS INC.**

*“William R. Johnstone”*

Per:

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**WILLIAM R. JOHNSTONE**  
**Corporate Secretary**