

National Instrument 62-103

Form 62-103F1

REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

Item 1 - Security and Reporting Issuer

- 1.1 **State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

ZTEST ELECTRONICS INC. (the “**Issuer**” or “**ZTEST**”)
523 McNicoll Avenue
North York, Ontario
M2H 2C9

- 1.2 **State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

Not applicable. The transaction that triggered the requirement to file this report was an increase in the issued and outstanding capital of the Issuer.

Item 2 - Identity of the Acquiror

- 2.1 **State the name and address of the acquiror.**

J T Risty Limited (the “**Acquiror**”)
167 Jean Marie Road
R.R.1
Rosseau, ON P0C 1J0

- 2.2 **State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

As a result of the exercise of certain options and warrants to acquire Common Shares of the Issuer by third parties since December 31, 2017 aggregating 1,750,000 Common Shares, the issuance of 275,000 Common Shares for the acquisition of an interest in a private company and the completion of a private placement of 625,000 Common Shares and 312,500 Warrants by the Issuer (the “**Recent Share Issuances**”), the issued and outstanding capital of the Issuer increased to 20,173,696 Common Shares decreasing the interest of the Acquiror in the Issuer from 13.39% to 11.19% on an undiluted basis and decreasing the partially diluted interest of the Acquiror from 15.9% to 13.3%.

A copy of the press release issued by the Acquiror, and others, on February 1, 2018 is attached hereto as Schedule “A”.

- 2.3 **State the names of any joint actors.**

None.

Item 3 - Interest in Securities of the Reporting Issuer

- 3.1 **State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.**

See Item 2.2 above.

- 3.2 **State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.**

The requirement to file this report was triggered by an increase in the issued and outstanding capital of the Issuer as a result of the Recent Share Issuances. See item 2.2 for details.

- 3.3 **If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

- 3.4 **State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.**

The Acquiror holds 2,245,790 Common Shares representing 12.82% of the issued and outstanding capital of the Issuer before the Recent Share Issuances and 11.1% of the issued and outstanding capital of the Issuer after the Recent Share Issuances. The Acquiror also holds 500,000 warrants of the Issuer. On a partially diluted basis assuming the exercise of 500,000 warrants by the Acquiror, the Acquiror had the ability to hold 15.23% of the issued and outstanding capital of the Issuer before the Recent Share Issuances and 13.3% of the issued and outstanding capital of the Issuer after the Recent Share Issuances.

- 3.5 **State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which**

- (a) **the acquiror, either alone or together with any joint actors, has ownership and control,**

The Acquiror owns 2,245,790 Common Shares of ZTEST, representing 11.1% of the issued and outstanding Common Shares of ZTEST, and 500,000 warrants of ZTEST.

- (b) **the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable

- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

- 3.6 **If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 **If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

Not applicable.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 **If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 Consideration Paid

- 4.1 **State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

Not applicable

- 4.2 **In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

Not applicable

- 4.3 **If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

Item 5 - Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) **the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) **a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) **a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) **a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) **a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) **a material change in the reporting issuer's business or corporate structure;**
- (g) **a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) **a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) **the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) **a solicitation of proxies from securityholders;**
- (k) **an action similar to any of those enumerated above.**

The Acquiror holds the Common Shares and warrants for investment purposes and intends to evaluate its investment and to increase or decrease its holdings in ZTEST as circumstances warrant. The Acquiror has advised that it has no present intention to either increase or decrease its holdings in ZTEST. Notwithstanding the foregoing, the Acquiror has advised that it may increase or decrease its beneficial ownership, control or direction over Common Shares of ZTEST through market transactions, private agreements, exercise of warrants, other treasury issuances or otherwise.

Item 6 - Agreements, Arrangements, Commitments Or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 – Change In Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.

See Item 2.2 above.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

Certificate

The undersigned Acquiror certifies to the best of its knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: February 1, 2018.

J. T. RISTY LIMITED

Per: /s/ Margaret Magor
Name: Margaret Magor
Title: President

I have authority to bind the Corporation

**PRESS RELEASE
FOR IMMEDIATE RELEASE**

J. T. RISTY LIMITED, ED BLASIAK AND FRANKLIN ZOLNAI ANNOUNCE CHANGES IN OWNERSHIP INTEREST OF ZTEST ELECTRONICS INC.

TORONTO February 1, 2018 - J. T. Risty Limited ("**Risty**"), an insider of ZTEST Electronics Inc. ("**ZTEST**"), announces that its ownership interest in ZTEST has decreased by more than 2%. Risty previously filed an early warning report with respect to the securities of ZTEST on December 16, 2016, at which time it held 13.39% of the common shares of ZTEST and had the ability to acquire 15.9% of ZTEST on a partially diluted basis. Risty continues to hold 2,245,790 common shares and 500,000 warrants of ZTEST. As a result of the increase in the issued and outstanding capital of ZTEST to 20,173,696 common shares, Risty now holds 11.1% of the issued and outstanding capital of ZTEST on an undiluted basis. If Risty were to exercise all of its warrants, it would hold 2,745,790 common shares of ZTEST representing 13.3% of outstanding capital on a partially diluted basis.

Risty has advised that the securities were acquired for investment purposes and that it has no present intention to either increase or decrease its holdings in ZTEST. Notwithstanding the foregoing, Risty has advised that it may increase or decrease its beneficial ownership, control or direction over common shares of ZTEST through market transactions, private agreements, exercise of warrants, other treasury issuances or otherwise.

Ed Blasiak ("**Ed**") previously filed an early warning report with respect to the securities of ZTEST on December 16, 2016. As a result of an increase in the issued and outstanding capital of ZTEST to 20,173,696 common shares, the interest of Ed in ZTEST was reduced to approximately 9.48% of the issued and outstanding common shares of ZTEST on a partially diluted basis and Ed is no longer required to file an early warning report under National Instrument 62-103.

Ed could increase or decrease his investment in ZTEST depending on market conditions or any other relevant factor.

Franklin Zolnai ("**Frank**") previously filed an early warning report with respect to the securities of ZTEST on December 16, 2016. As a result of an increase in the issued and outstanding capital of ZTEST to 20,173,696 common shares, the interest of Frank in ZTEST was reduced to approximately 8.2% of the issued and outstanding common shares of ZTEST on a partially diluted basis and Frank is no longer required to file an early warning report under National Instrument 62-103.

Frank could increase or decrease his investment in ZTEST depending on market conditions or any other relevant factor.

This news release is issued pursuant to National Instrument 62-103 – *The Early Warning System and related Take-Over Bid and Insider Reporting Issues* of the Canadian Securities Administrators, which also requires early warning reports to be filed with the applicable securities regulators containing additional information with respect to the foregoing matters. A

copy of the early warning reports in respect of the foregoing matters will be available on ZTEST's issuer profile on SEDAR at www.sedar.com.

For more information contact:

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The CSE has neither approved nor disapproved the contents of this press release. The CSE does not accept responsibility for the adequacy or accuracy of this release.