

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1. Name and Address of Company

ZTEST ELECTRONICS INC. (the "Company" or "ZTEST")
523 McNicoll Avenue
North York, Ontario M2H 2C9

Item 2. Date of Material Change

The material change took place on December 28, 2018.

Item 3. News Release

A News Release was disseminated on December 27, 2018.

Item 4. Summary of Material Change

ZTEST announced that it would be closing the first tranche of its non-brokered private placement (the "**Offering**") with the sale of 440,000 working capital units ("**WC Units**") at \$0.30 per WC Unit for gross proceeds of \$132,000. The Offering will remain open until the earlier of the sale of the remaining WC Units and January 15, 2019.

All securities issued pursuant to the first tranche of the Offering are subject to a statutory hold period expiring on April 29, 2019.

Item 5. Full Description of Material Change

Each WC Unit consists of one (1) common share and one-half (½) of a common share purchase warrant. Each full warrant (a "**Warrant**") entitles the holder to acquire an additional common share of the Company at \$0.40 until June 28, 2020.

Eligible Finders were paid \$7,140.00 and issued 23,800 broker warrants. Each broker warrant entitles the holder to acquire one (1) common share of ZTEST at \$0.30 until June 28, 2020.

An Insider of the Company subscribed for 100,000 WC Units for \$30,000. The insider private placement 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 issued to the insiders does not exceed 25% of its market capitalization.

The insider private placement was approved by the disinterested directors of the Company. The insider private placement closed concurrently with the arm's length private placement.

The following table indicates the WC Units purchased by the Insider, the post-closing direct and indirect holdings in the Company held and the percentage the holding represents in the post-closing outstanding shares:

Name	# of Listed Shares Purchased	Post-closing Direct & Indirect Holdings in the Issuer	% of Post-Closing Outstanding Listed Shares ⁽¹⁾
Steve Smith	100,000 WC Units	338,000 common shares 50,000 warrants 200,000 options	2.81%

(1) Calculated based on partially-diluted outstanding capital for the holder including WC Warrants issued on this transaction to the holder assuming the exercise of all warrants and options held by such holder. Based upon outstanding capital of 20,663,696 after giving effect to the first closing of the Offering and before giving effect to the partial dilution calculations.

Item 6. Reliance on Subsection 7.1(2) of National Instrument 51-102

Confidentiality is not requested.

Item 7. Omitted Information

No information has been omitted in respect of the material change.

Item 8. Executive Officer

Steve Smith, CEO
(604) 837-3751
email: stevesmith15@shaw.ca

Item 9. Date of Report

January 2, 2019.