

**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 January 31, 2019.

**Item 3. News Release**

A News Release was disseminated on January 30, 2019.

**Item 4. Summary of Material Change**

ZTEST announced that it would be closing the final tranche of its non-brokered private placement (the "**Offering**") with the sale of 340,000 working capital units ("**WC Units**") at \$0.30 per WC Unit for gross proceeds of 102,000.

All securities issued pursuant to the first tranche of the Offering are subject to a statutory hold period expiring on June 1, 2019.

ZTEST also announced that it had signed a new Letter of Intent (the "**New LOI**") with Twenty49 Ltd. ("**Twenty49**") to replace the one announced on December 17, 2018.

**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 July 31, 2020.

Eligible Finders were paid \$4,620.00 and issued 15,400 broker warrants. Each broker warrant entitles the holder to acquire one (1) common share of ZTEST at \$0.30 until July 31, 2020.

An Insider of the Company subscribed for 70,000 WC Units for \$21,000. 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 <sup>(1)</sup>
Steve Smith	70,000 WC Units	408,000 common shares 85,000 warrants 200,000 options	3.28%

(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 21,103,696 after giving effect to the final closing of the Offering and before giving effect to the partial dilution calculations.

Pursuant to the New LOI, the Company will invest \$112,000 CDN (the "**Subscription Price**") to acquire approximately 5,600,000 Founder shares, representing not less than 30.27% of the current issued and outstanding voting securities of Twenty49, and 8,200,000 Founder Warrants exercisable at \$0.025 CDN per share, or \$205,000 in total, on or before May 31, 2019 (the "**Founder Warrants**"). A subsequent round of financing will be completed by Twenty49 on or before May 31, 2019 and if the Company chooses to exercise the Founder Warrants, it will hold not less than 34.84% of the voting securities of Twenty49 after giving effect to the subsequent round of financing. The payment of the Subscription Price will be conditional upon, among other things, delivery of a detailed use of proceeds for the Subscription Price, upon ZTE raising financing by way of a private placement of at least \$200,000 (the "**Financing**"), which condition was satisfied with the completion of the final tranche of the Offering, and upon execution of a subscription agreement containing customary terms and conditions for transactions of this nature (the "**Subscription Agreement**"). The Company will have until February 8, 2019 to completed its due diligence and it is anticipated that the Subscription Agreement will be executed and the Subscription Price paid by February 15, 2019 but in any event the transaction must be completed no later than March 15, 2019.

**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**

February 6, 2019.