

Form 62-103F1

Required Disclosure under the Early Warning Requirements

State if this report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Initial filing.

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.

Securities: Common Shares (“**Common Shares**”)

Issuer: 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 a private transaction.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Steve Smith (the “**Acquiror**”)

34621 Merlin Pl., Abbotsford, BC V2S 5L2

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.

On November 1, 2023, the Acquiror entered into a debt settlement agreement pursuant to which he will acquire ownership of 2,875,000 Common Shares of the Issuer (the “**Acquisition**”), in settlement of \$230,000 in respect of fees for services rendered by the Acquiror as President and CEO of the Company from January 1, 2020 to October 31, 2023, as part of a debt settlement transaction for the settlement of an aggregate of \$357,490 of debt in consideration for the issuance of 4,468,625 common shares at \$0.08 per share (the “**Debt Settlement**”). When the Acquisition closes it will represent approximately

9.23% of the issued and outstanding capital of ZTEST at that time on a non-diluted basis, after giving effect to the Debt Settlement.

A copy of the press release issued on behalf of the Acquiror on November 2, 2023 is attached hereto as Schedule “A”.

2.3 State the names of any joint actors.

N/A

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 this report and the change in the acquiror’s securityholding percentage in the class of securities.

The Acquiror will acquire 2,875,000 Common Shares of the Issuer which represents 9.23% of the issued and outstanding capital of ZTEST on a non-diluted basis after giving effect to the Debt Settlement. Prior to the Acquisition, the Acquiror held 1,075,000 common shares of ZTEST representing 4.03% of the current issued and outstanding capital of ZTEST on a non-diluted basis. See Item 3.4 below

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 this report.

The requirement to file this report was triggered by the Acquisition. See Item 2.2 for details.

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

N/A

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.

Immediately prior to the completion of the Acquisition, the Acquiror beneficially owns, directly or indirectly, or exercises control or direction over, 1,075,000 common shares, and 200,000 stock options to acquire common shares exercisable at \$0.10 per common share until September 30, 2027 (the “**Stock Options**”), representing approximately 4.03% of the issued and outstanding Common Shares on a non-diluted basis and 4.74% on a partially diluted basis.

Immediately following the closing of the Acquisition, and completion of the Debt Settlement, the Acquiror will beneficially own, directly or indirectly, or exercise control or direction over, 3,950,000 Common Shares, and the Stock Options, representing approximately 12.68% of the issued and outstanding Common Shares on a non-diluted basis and 13.24% on a partially diluted basis.

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,**

3,950,000 Common Shares (after giving effect to the Acquisition and the Debt Settlement)

200,000 Stock Options

- (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

N/A

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

N/A

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.

N/A

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.

N/A

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

N/A

- 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.**

N/A

Item 4 – Consideration Paid

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

\$230,000 of debt owed to the Acquiror will be settled in consideration for the issuance of 2,875,000 common shares of the Issuer at a price of \$0.08 per share.

- 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.**

\$230,000 of debt

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

The Common Shares will be acquired pursuant to a debt settlement agreement between the Company and the Acquiror dated November 1, 2023.

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:

The Acquiror has advised that the 2,875,000 Common Shares will be acquired for investment purposes and that he has no present intention to either increase or decrease his holdings in the Company. Notwithstanding the foregoing, he has advised that he may increase or decrease his beneficial ownership, control or direction over Common Shares of the Company 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.

N/A.

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.

N/A.

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.

N/A.

Item 9 – Certification

Certificate

The certificate must state the following:

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: November 3, 2023.

/s/ Steve Smith
Steve Smith