

**ZTEST ELECTRONICS INC.**  
523 McNicoll Avenue  
North York, ON M2H 2C9

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual General and Special Meeting of Shareholders (the “**Meeting**”) of ZTEST Electronics Inc. (“**ZTEST**” or the “**Corporation**”) will be held at **the offices of Gardiner Roberts LLP, Bay Adelaide Centre-East Tower, 22 Adelaide Street West, Suite 3600, Toronto, Ontario, M5H 4E3, in the Islands Boardroom at the hour of 2:00 o'clock in the afternoon (Toronto time), on Thursday, the 11<sup>th</sup> day of July, 2024,** for the following purposes:

1. to elect the directors as nominated by Management;
2. to appoint Kreston GTA LLP, Chartered Professional Accountants, as auditors of the Corporation for the ensuing year and authorizing the Directors to fix their remuneration;
3. to adopt the new 10% rolling Stock Option Plan (the “**2024 Plan**”); and
4. to transact such further and other business as may properly come before the said Meeting or any adjournment of adjournments thereof.

A copy of the Management Information Circular (the “**Circular**”), the Audited Financial Statements of the Corporation for the years ended June 30, 2023 and 2022 and June 30, 2022 and 2021 (the “**Annual Financial Statements**”) and the Corporation’s management discussion and analysis for the years ended June 30, 2023 and June 30, 2022 (the “**Annual MD&A**”) accompany this Notice of Meeting.

Shareholders entitled to vote who do not expect to be present at the Meeting are urged to date, sign and return the form of Proxy or voting instruction form delivered to them with the Notice-and-Access Notification (defined below).

**NOTICE-AND-ACCESS**

Notice is also hereby given that ZTEST has decided to use the notice-and-access method of delivery of meeting materials for the Annual General Meeting of Shareholders. The notice-and-access method of delivery of meeting materials allows the Corporation to deliver the meeting materials over the internet in accordance with the notice-and-access rules adopted by the Ontario Securities Commission under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*. Under the notice-and-access system, shareholders still receive a proxy or voting instruction form (as applicable) enabling them to vote at the Meeting. However, instead of a paper copy of the Circular, the annual financial statements and related management’s discussion and analysis and other meeting materials (collectively the “**Meeting Materials**”), shareholders receive a notification (the “**Notice-and-Access Notification**”) with information on how they may access such materials electronically. The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and will also reduce

the cost of printing and mailing materials to shareholders. **Shareholders are reminded to view the Meeting Materials prior to voting.**

**Websites Where Meeting Materials Are Posted:**

Meeting Materials can be viewed online under the Corporation's profile at [www.sedarplus.com](http://www.sedarplus.com) or on <https://docs.tsxtrust.com/2088>.

**How to Obtain Paper Copies of the Meeting Materials**

Registered holders or non-registered holders may request paper copies of the Meeting Materials be sent to them by postal delivery at no cost to them. Requests may be made up to one year from the date the Meeting Materials are posted on the Corporation's website. In order to receive a paper copy of the Meeting Materials or if you have questions concerning Notice-and-Access, please call TSX Trust toll free at 1-866-600-5869 or email TSX Trust at [tsxtis@tmx.com](mailto:tsxtis@tmx.com).

**Requests should be received by Tuesday, July 2, 2024 in order to receive the Meeting Materials in advance of the proxy deposit date and Meeting.**

**RECORD DATE AND PROXY DELIVERY DATE**

The Board of Directors of the Corporation has, by resolution, fixed the close of business on May 28, 2024 as the Record Date, being the date for determination of the registered holders of Common Shares entitled to receive notice of, and to vote at, the Meeting or any adjournment thereof.

The Board of Directors of the Corporation has, by resolution, fixed the hour of 2:00 p.m. in the afternoon (Toronto time) on Tuesday, July 9, 2024, being not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the day of the Meeting, or any adjournment thereof, as the time before which the instrument of proxy to be used at the Meeting must be deposited with the Transfer Agent of the Corporation, TSX Trust Company, Suite 301, 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, provided that a proxy may be delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time for voting to revoke a proxy previously delivered in accordance with the foregoing.

**Shareholders entitled to vote who do not expect to be present at the Meeting are urged to date, sign and return the form of proxy or voting instruction form delivered to them with the Notice-and-Access Notification.**

**DATED** the 28<sup>th</sup> day of May, 2024.

**BY ORDER OF THE  
BOARD OF DIRECTORS**

*"Steve Smith"*

**STEVE SMITH**  
Chief Executive Officer

**ZTEST ELECTRONICS INC.  
523 McNICOLL AVENUE  
NORTH YORK, ONTARIO  
M2H 2C9**

**INFORMATION CIRCULAR  
MANAGEMENT SOLICITATION**

**SOLICITATION OF PROXIES**

**This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by and on behalf of the management (the “Management”) of ZTEST Electronics Inc. (the “Corporation”) for use at the Annual General and Special Meeting of Shareholders (the “Meeting”) of the Corporation to be held at the offices of Gardiner Roberts LLP, 22 Adelaide Street West, Suite 3600, Toronto, ON M5H 4E3 in the Islands Boardroom, at the hour of 2:00 o’clock in the afternoon (Toronto time), on Thursday, the 11<sup>th</sup> day of July, 2024, for the purposes set out in the accompanying Notice of Meeting. The cost of solicitation will be borne by the Corporation.**

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally by the Directors and/or officers of the Corporation at nominal cost. Arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees, and fiduciaries to forward solicitation materials to the beneficial owners of the common shares (“**Common Shares**”) held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

**NOTICE-AND-ACCESS**

The Corporation has elected to use the “notice-and-access” process under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* (“**NI-54-101**”) and National Instrument 51-102 *Continuous Disclosure Obligations*, for distribution of this Circular and other meeting materials to registered Shareholders of the Corporation and non-registered Shareholders of the Corporation as set out in the “Advice to Non-Registered Shareholders” section below.

Notice-and-access allows issuers to post electronic versions of meeting materials, including circulars, annual financial statements and management discussion and analysis, online, via SEDARplus and one other website, rather than mailing paper copies of such meeting materials to Shareholders. The Corporation anticipates that utilizing the notice-and-access process will substantially reduce both postage and printing costs.

The Corporation has posted the Circular, the Corporation’s audited financial statements for the years ended June 30, 2023 and 2022 and June 30, 2022 and 2021 (the “**Annual Financial Statements**”) and the Corporation’s management discussion and analysis for the years ended June 30, 2023 and June 30, 2022 (the “**Annual MD&A**”) on the websites [www.sedarplus.com](http://www.sedarplus.com) and <https://docs.tsxtrust.com/2088>.

Although the Circular, Annual Financial Statements and Annual MD&A (collectively, the “**Meeting Materials**”) will be posted electronically online, as noted above, the registered and non-registered Shareholders (subject to the provisions set out below under the heading “Advice to Non-Registered Shareholders”) (collectively the “**Notice-and-Access Shareholders**”) will receive a “notice package” (the “**Notice-and-Access Notification**”), by prepaid mail, which includes the information prescribed by NI 54-101, and a proxy form or voting instruction form from their respective intermediaries. Notice-and-Access Shareholders should follow the instructions for completion and delivery contained in the proxy or voting instruction form. Notice-and-Access Shareholders are reminded to review the Circular before voting.

Notice-and-Access Shareholders will not receive a paper copy of the Meeting Materials unless they contact TSX Trust Company (“**TSX Trust**”) in which case TSX Trust will mail the requested materials within three business days following receipt of any request provided the request is made prior to the Meeting. Notice-and-Access Shareholders with questions about notice-and-access may contact TSX Trust toll free at 1-866-600-5869 or by email at [tsxtis@tmx.com](mailto:tsxtis@tmx.com). **In order to receive a paper copy of the Meeting Materials in time to vote before the Meeting, your request should be received by July 2, 2024.**

#### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the form of proxy or voting instruction form are Officers or Directors of the Corporation (the “**Management Designees**”). **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO** by inserting such other person’s name in the blank space provided in the form of proxy or voting instruction form and depositing the completed proxy with the Transfer Agent of the Corporation, **TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1**. A proxy can be executed by the Shareholder or his attorney duly authorized in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

In addition to any other manner permitted by law, the proxy may be revoked before it is exercised by instrument in writing executed and delivered in the same manner as the proxy at any time up to and including the second last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used or delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting and upon either such occurrence, the proxy is revoked.

Please note that Shareholders who receive their Notice-and-Access Notification from Broadridge Investor Communication Solutions, Canada (“**Broadridge**”) or an Intermediary (as defined in the “Advice to Non-Registered Shareholders” section below) must return the proxy forms, once voted, to Broadridge or their Intermediary, as applicable, for the proxy to be dealt with.

#### **DEPOSIT OF PROXY**

By resolution of the Directors duly passed, **ALL PROXIES TO BE USED AT THE MEETING MUST BE DEPOSITED BY 2:00 P.M. (TORONTO TIME) ON TUESDAY, JULY 9, 2024, BEING NOT LESS THAN FORTY EIGHT (48) HOURS, EXCLUDING SATURDAYS, SUNDAYS AND STATUTORY HOLIDAYS, PRECEDING THE DATE OF THE MEETING, OR ANY ADJOURNMENT THEREOF, WITH THE TRANSFER AGENT OF THE CORPORATION, TSX TRUST COMPANY**, provided that a proxy may be delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time for voting to revoke a proxy previously delivered in accordance with the foregoing.

#### **ADVICE TO NON-REGISTERED SHAREHOLDERS**

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares owned by a person are registered either (a) in the name of an intermediary (an “**Intermediary**”) that the non-registered holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, registered retirement income funds, registered education savings plans and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“**CDS**”)) of which the Intermediary is a participant (a “**Non-Registered Holder**”).

The Corporation has decided to use Notice-and-Access in accordance with the requirement of NI 54-101 to deliver the Meeting Materials to Shareholders by posting the Meeting Materials on <https://docs.tsxtrust.com/2088>. The

Meeting Materials will be available on the website on or before **June 10, 2024**, and will remain on the websites for a full year thereafter. The Meeting Materials will also be available on the Corporation's profile on SEDARplus at [www.sedarplus.com](http://www.sedarplus.com). The Corporation will only be mailing the Notice-and-Access Notification to Non-Registered Holders as set out below.

Non-Registered Holders fall into two categories – those who object to their identity being made known to the issuers of securities which they own (“**Objecting Beneficial Owners**” or “**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**” or “**NOBOs**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from Intermediaries via their transfer agent. Pursuant to NI 54-101, issuers may obtain and use the NOBO list for distribution of proxy-related materials directly to such NOBOs.

If you are a Non-Objecting Beneficial Owner and the Corporation or its agent has sent the Notice-and-Access Notification directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you, and (ii) executing your proper voting instructions as specified in the request for voting instructions.

The Corporation's decision to deliver proxy-related materials directly to its NOBOs will result in all NOBOs receiving a Voting Instruction Form (“**VIF**”) from TSX Trust Company. Please complete and return the VIF to TSX Trust Company in the envelope provided or by facsimile. In addition, instructions in respect of the procedure for internet voting can be found in the VIF. TSX Trust Company will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs received by TSX Trust Company.

*Non-Registered Shareholders who are NOBOs or OBOs may make their request for paper copies of the Meeting Materials **without charge** by calling TSX Trust toll free at 1-866-600-5869 or emailing TSX Trust at [tsxtis@tmx.com](mailto:tsxtis@tmx.com) on or before the day of the Meeting, or any adjournment thereof, or thereafter contact the Corporation at 416-297-5155 or by email at [info@ztest.com](mailto:info@ztest.com).*

**In order to receive a paper copy of the Meeting Materials in time to vote before the Meeting, your request should be received by July 2, 2024.**

OBOs may expect to receive their materials related to the Meeting from Broadridge or other Intermediaries. If a reporting issuer does not intend to pay for an Intermediary to deliver materials to OBOs, OBOs will not receive the materials unless their Intermediary assumes the cost of delivery. The Corporation does not intend to pay for Intermediaries to deliver the proxy-related materials to OBOs.

Intermediaries are required to forward the Notice-and-Access Notification to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies such as Broadridge to forward the Notice-and-Access Notification to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Notice-and-Access Notification will either:

- a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the Non-Registered Holder but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified; or
- b) be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute

voting instructions (often called a “**Voting Instruction Form**”) which the Intermediary must follow. Typically, the Non-Registered Holder will also be given a page of instructions which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the Non-Registered Holder must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In any case, the purpose of this procedure is to permit Non-Registered Holders including NOBOs to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder who receives a form of proxy or VIF wish to vote at the Meeting in person, the Non-Registered Holder should strike out the persons named in such form of proxy and insert the Non-Registered Holder’s name in the blank space provided. Non-Registered Holders should carefully follow the instructions on the VIF or the instructions received from their Intermediary including those regarding when and where the form of proxy, VIF is to be delivered.

All references to Shareholders in this Circular, the accompanying Notice of Meeting and any proxy or voting instruction form sent to Shareholders with the Notice-and-Access Notification are to Shareholders of record unless specifically stated otherwise.

#### **EXERCISE OF DISCRETION BY PROXIES**

The persons named in the form of proxy or voting instruction form for use at the Meeting will vote the Common Shares in respect of which they are appointed in accordance with the directions of the Shareholders appointing them. **IN THE ABSENCE OF SUCH DIRECTIONS, SUCH SHARES SHALL BE VOTED “FOR”:**

- (a) the election of the Directors as nominated by Management;
- (b) the appointment of Kreston GTA LLP, Chartered Professional Accountants, as auditors of the Corporation for the ensuing year and authorizing the Directors to fix their remuneration;
- (c) adoption of the new 10% rolling Stock Option Plan (the “**2024 Plan**”); and
- (d) to transact such further or other business as may properly come before the said meeting or any adjournment or adjournments thereof.

#### **ALL AS MORE PARTICULARLY DESCRIBED IN THIS CIRCULAR.**

The form of proxy or voting instruction form confers discretionary authority upon the persons named therein with respect to any amendment, variation or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. **HOWEVER, IF ANY SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS WHICH ARE NOT NOW KNOWN TO THE MANAGEMENT DESIGNEES SHOULD PROPERLY COME BEFORE THE MEETING, THE COMMON SHARES REPRESENTED BY THE PROXIES HEREBY SOLICITED WILL BE VOTED THEREON IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSON OR PERSONS VOTING SUCH PROXIES.**

#### **EFFECTIVE DATE**

The effective date of the Circular is May 28, 2024.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Each Shareholder of record will be entitled to one (1) vote for each Common Share held at the Meeting.

Holders of record of the Common Shares of the Corporation on May 28, 2024 (the “**Record Date**”) will be entitled either to attend and vote at the Meeting in person shares held by them or, provided a completed and executed proxy shall have been delivered to the Corporation as described herein, to attend and vote thereat by proxy the shares held by them.

The authorized capital of the Corporation presently consists of an unlimited number of Common Share of which 36,545,821 Common Shares are issued and outstanding as fully paid and non-assessable on the Record Date. The Common Shares of the Corporation are listed and posted for trading on the Canadian Securities Exchange (the “**CSE**”), under the symbol “ZTE”.

To the knowledge of the Directors and executive officers of the Corporation, there are no parties who beneficially own, directly or indirectly, or exercise control or direction over 10% or more of any class of outstanding voting securities of the Corporation except as set out below:

Name of Shareholder	Number of Common Shares	Percentage of Class
Joseph Chen	5,430,500 (1)	14.86%

Note: (1) Held directly, as to 3,830,500, and through Conversance Inc., a corporation controlled by Joseph Chen, as to 1,600,000 based upon filings made by Joseph Chen under the System for Electronic Disclosure by Insiders.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the Directors or executive officers of the Corporation, no proposed nominee for election as a Director of the Corporation, none of the persons who have been Directors or executive officers of the Corporation since the commencement of the Corporation’s last completed financial year, and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of Directors and the appointment of officers except as disclosed herein.

## EXECUTIVE COMPENSATION

The information contained below is provided as required under Form 51-102F6 for Venture Issuers (the “**Form**”) as such term is defined in National Instrument 51-102.

### Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information about the Corporation’s executive compensation objectives and processes and discusses compensation decisions relating to its named executive officers (“**Named Executive Officers**”) listed in the Summary Compensation Table that follows. During its fiscal year ended June 30, 2023 and June 30, 2022 the following individuals were Named Executive Officers (as determined by applicable securities legislation) of the Corporation:

- Steve Smith, President and Chief Executive Officer (“**CEO**”);
- Mike Kindy, CPA, CA, Chief Financial Officer (“**CFO**”) and V.P. Finance; and

- Suren Jeyanayagam, President of the Corporation's wholly-owned operating subsidiary, Permotech Electronics Corporation ("**Permotech**"), (for June 30, 2023)

The Corporation does not employ or retain any other individuals who would qualify as a "Named Executive Officer" because no executive officer or employee of the Corporation receives total compensation (including without limitation salary and bonus) in excess of \$150,000.

The Corporation's Compensation Committee, which comprised the full Board of Directors, with the CEO declaring his interest and abstaining from voting, is responsible for the compensation program for the Corporation's CEO and CFO. The compensation for Suren Jeyanayagam is set by the Board of Directors of Permotech.

### **Compensation Objectives and Principles**

The Corporation is a manufacturing company with operations located in Ontario. The Corporation has limited revenue and financial resources. As a result, to ensure that funds are available for operations, the Compensation Committee has to consider not only the financial situation of the Corporation at the time of the determination of executive compensation, but also the estimated financial condition of the Corporation in the future.

Since the preservation of cash is an important goal of the Corporation, an important element of the compensation awarded to the Named Executive Officers is the granting of stock options, which do not require cash disbursement by the Corporation. The granting of stock options also helps to align the interests of the Named Executive Officers with the interests of the Corporation. The other element of the compensation the Corporation awards to its Named Executive Officers is base cash salary and/or consulting fees. The Corporation does not provide its Named Executive Officers with perquisites or personal benefits that are not otherwise available to all of its employees. In addition to his salary, Suren Jeyanayagam, President of Permotech, is entitled to a bonus of 5% of Permotech's net income.

### **Compensation Processes and Goals**

The deliberations of the Compensation Committee are conducted in a special session from which management is absent. These deliberations are intended to advance the key objectives of the compensation program for the Corporation's Named Executive Officers. At the request of the Compensation Committee, the Named Executive Officers may, from time to time, provide advice to the Compensation Committee with respect to the compensation program for the Corporation's Named Executive Officers. The Compensation Committee makes recommendations regarding the compensation to be awarded to the Named Executive Officers to the full Board of Directors (either on its own volition or based upon the advice it receives from the Named Executive Officers).

The Corporation relies on its Compensation Committee and its Board of Directors, through discussion without any formal objectives, targets, criteria or analysis, in determining the compensation of its Named Executive Officers. The Board of Directors is responsible for determining all forms of compensation, including the provision of long-term incentives through the granting of stock options to the Named Executive Officers of the Corporation, and to others, including, without limitation, to the Corporation's Directors, and for reviewing the Compensation Committee's recommendations regarding the compensation to be awarded to any other officers of the Corporation from time to time, to ensure such arrangements reflect the responsibilities and risks associated with each such officer's position. The Board of Directors incorporates the following goals when it makes its compensation decisions with respect to the Corporation's Named Executive Officers: (i) the recruiting and retaining of executives who are critical both to the success of the Corporation and to the enhancement of Shareholder value; (ii) the provision of fair and competitive compensation; (iii) the balancing of the interests of Management with the interests of the Corporation's Shareholders; (iv) the rewarding of performance, both on an individual basis and with respect to the operations of the Corporation as a whole; and (v) the preservation of available financial resources.



## **The Implementation of the Corporation's Compensation Policies**

### **Base Employment/Consulting Fee**

Pursuant to a resolution of the board of directors, the Chief Executive Officer was entitled to receive \$10,000 per month commencing July 1, 2018. The terms of this compensation were amended January 1, 2020 to \$5,000 per month. The CEO is paid as a consultant. This amount was agreed upon between the Chief Executive Officer and the Corporation taking into account the following considerations:

- the Chief Executive Officer's public company and regulatory experience; and
- the financing raised by the Corporation while the Chief Executive Officer has been in office.

The payment of this salary was not dependent on the Chief Executive Officer's fulfillment of any specific performance goals or similar criteria.

During the years ended June 30, 2023 and June 30, 2022, the Corporation paid the Chief Financial Officer a consulting fee at a per hour rate based upon the number of hours of service provided by the Chief Financial Officer. This amount was agreed upon between the Chief Financial Officer and the Corporation taking into account the following considerations:

- the Chief Financial Officer's prior public company and specialized financial reporting experience gained through his senior financial management roles at a number of public companies;
- the Chief Financial Officer's experience as a Chartered Professional Accountant for over 30 years; and
- the Chief Financial Officer's previous record of success with junior public companies in creating value for Shareholders.

The payment of this consulting fee was not dependent on the Chief Financial Officer's fulfillment of any specific performance goals or similar criteria.

During the year ended June 30, 2023, the President of Permtech was paid \$146,156 pursuant to an employment agreement. See subheading Employment/Consulting Contracts for particulars.

### **Stock Options**

The granting of options to the Named Executive Officers under the Corporation's Stock Option Plan provides an appropriate long-term incentive to management to create Shareholder value. The number of options the Corporation grants to each Named Executive Officer reasonably reflects the Named Executive Officer's specific contribution to the Corporation in the execution of such person's responsibilities. However, the number of options granted does not depend upon nor does it reflect the fulfillment of any specific performance goals or similar conditions. Previous grants of options to Named Executive Officers are taken into consideration by the Compensation Committee in developing its recommendations with respect to the granting of new options. For the year ended June 30, 2023 the Named Executive Officers were granted 450,000 options exercisable at \$0.10 per share until September 30, 2027. No options were granted to the Named Executive Officers in the year ended June 30, 2022.

The granting of options to the non-management Directors of the Corporation under the Corporation's Stock Option Plan provides an appropriate long-term incentive to these Directors to provide proper independent oversight to the Corporation with a view to maximizing Shareholder value. The number of options the Corporation grants to each of these Directors reasonably reflects each Director's contributions to the Corporation in his capacity as a Director and as a member of one or more committees of the Board of Directors (if applicable), including without limitation the

Audit Committee. Previous grants of options awarded to the independent Directors of the Corporation are taken into consideration when the Corporation considers the granting of new options to the independent Directors. For the year ended June 30, 2023 the independent Directors were granted 675,000 options exercisable at \$0.10 per share until September 30, 2027. No stock options were granted to the independent Directors during the year ended June 30, 2022.

In addition, to the granting of options under the Stock Option Plan, the compensation of Directors, in fiscal 2022 and 2023, includes a Director's fee of \$1,000 per month for independent Directors, plus \$500 per month for an independent director acting as Chair of a sub-committee, plus \$250 per month for an independent director sitting as a ZTEST nominee on another board, and \$250 per month for independent directors of the Company's subsidiary. These fees are determined by the Board of Directors of the Company and Permotech. The payment of the Directors' fees to the independent Directors recognizes their contributions to the Corporation in their capacities as independent Directors and members of one or more committees of the Board of Directors (if applicable), including without limitation the Audit Committee.

### **Summary Compensation Table**

The following table contains information about the compensation paid to, earned by and payable to, the Corporation's Chief Executive Officer, Steve Smith, and Chief Financial Officer, Mike Kindy, for the fiscal years ended June 30, 2023, June 30, 2022 and June 30, 2021 and for June 30, 2023, the President of Permotech, Suren Jeyanayagam. In accordance with the Form, the Corporation does not have any other "Named Executive Officers" given that no executive officer receives total salary and bonus in excess of \$150,000. Specific aspects of compensation payable to the Named Executive Officers of the Corporation are dealt with in further detail in subsequent tables.

<b>Summary Compensation Table</b>									
<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Share-Based Awards (\$)</b>	<b>Option-Based Awards (\$)<sup>(3)</sup></b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>		<b>Pension Value (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total Compensation (\$)</b>
					<b>Annual Incentive Plans</b>	<b>Long-Term Incentive Plans</b>			
Steve Smith, President and C.E.O	2023	Nil	Nil	9,252	Nil	Nil	Nil	60,000 <sup>(1)</sup>	69,252
	2022	Nil	Nil	Nil	Nil	Nil	Nil	60,000 <sup>(1)</sup>	60,000
	2021	Nil	Nil	Nil	Nil	Nil	Nil	60,000 <sup>(1)</sup>	60,000
Mike Kindy, C.F.O and V.P. Finance	2023	Nil	Nil	6,939	Nil	Nil	Nil	90,000 <sup>(2)</sup>	96,939
	2022	Nil	Nil	Nil	Nil	Nil	Nil	88,255 <sup>(2)</sup>	88,255
	2021	Nil	Nil	Nil	Nil	Nil	Nil	85,685 <sup>(2)</sup>	85,685
Suren Jeyanayagam	2023	118,192	Nil	4,626	Nil	Nil	Nil	27,964	150,782

Notes:

- <sup>(1)</sup> Mr. Smith is retained as a consultant and therefore does not receive a salary. For fiscal 2019 and half of fiscal 2020, Mr. Smith was paid \$10,000 per month. His compensation was reduced to \$5,000 per month effective January 1, 2020.
- <sup>(2)</sup> Mr. Kindy is retained as a consultant and therefore does not receive a salary. He also provides financial reporting and income tax reporting services through his public accounting practice.
- <sup>(3)</sup> The fair value of the options was estimated using the Black-Scholes Option pricing model with the following assumptions: expected dividend yield of Nil; risk free interest rate of 3.24%; estimated life of 5 years and expected volatility of 135.92%.

**Outstanding Share-Based and Option-Based Awards Granted to Named Executive Officers as of June 30, 2023**

The following table summarizes all share-based and option-based awards granted by the Corporation to its Named Executive Officers which are outstanding as of June 30, 2023.

Name	Option-Based Awards			Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) <sup>(1)</sup>	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-Based Awards that have not Vested (\$)
Steve Smith, President and C.E.O	200,000	0.10	September 30, 2027	Nil	Nil	Nil
Mike Kindy, C.F.O. and V.P. Finance	150,000	0.10	September 30, 2027	Nil	Nil	Nil
Suren Jeyanayagam	100,000	0.10	September 30, 2027	Nil	Nil	Nil

Notes:

<sup>(1)</sup> Based on the closing price of the Common Shares on the Exchange on **June 29, 2023** (being the last day of the fiscal year on which the shares were traded) of **\$0.075** per Common Share.

**Outstanding Share-Based and Option-Based Awards Granted to Named Executive Officers as of June 30, 2022**

The following table summarizes all share-based and option-based awards granted by the Corporation to its Named Executive Officers which are outstanding as of June 30, 2022.

Name	Option-Based Awards			Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) <sup>(1)</sup>	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-Based Awards that have not Vested (\$)
Steve Smith, President and C.E.O	200,000	0.95	January 12, 2023	Nil	Nil	Nil
Mike Kindy, C.F.O. and V.P. Finance	50,000	0.95	January 12, 2023	Nil	Nil	Nil

Notes:

<sup>(1)</sup> Based on the closing price of the Common Shares on the Exchange on **June 28, 2022** (being the last day of the fiscal year on which the shares were traded) of **\$0.175** per Common Share. These options expired unexercised on January 12, 2023.

**Value Vested or Earned by Named Executive Officers During the Years Ended June 30, 2023 Under Option-Based Awards, Share-Based Awards and Non-Equity Incentive Plan Compensation**

The following table summarizes the value vested or earned during the year by Named Executive Officers in respect of option-based awards, share-based awards and non-equity incentive plan compensation during the year ended June 30, 2023.

<b>Name</b>	<b>Option-Based Awards- Value Vested During the Year (\$)<sup>(1)</sup></b>	<b>Share-Based Awards- Value Vested During the Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation- Value Earned During the Year (\$)</b>
Steve Smith	Nil	Nil	Nil
Mike Kindy	Nil	Nil	Nil
Suren Jeyanayagam	Nil	Nil	Nil

Note:

<sup>(1)</sup> Determined based on the difference between the market price of the underlying Common Shares on the vesting date and the exercise price of the options.

**Value Vested or Earned by Named Executive Officers During the Years Ended June 30, 2022 Under Option-Based Awards, Share-Based Awards and Non-Equity Incentive Plan Compensation**

The following table summarizes the value vested or earned during the year by Named Executive Officers in respect of option-based awards, share-based awards and non-equity incentive plan compensation during the year ended June 30, 2022.

<b>Name</b>	<b>Option-Based Awards- Value Vested During the Year (\$)<sup>(1)</sup></b>	<b>Share-Based Awards- Value Vested During the Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation- Value Earned During the Year (\$)</b>
Steve Smith	Nil	Nil	Nil
Mike Kindy	Nil	Nil	Nil

Note:

<sup>(1)</sup> Determined based on the difference between the market price of the underlying Common Shares on the vesting date and the exercise price of the options.

**Employment/Consulting Contracts**

There is no written agreement between the Corporation and Steve Smith. Steve Smith bills the Corporation as a consultant on a monthly basis at the rate of \$5,000 per month.

There is no written agreement between the Corporation and Mike Kindy. Mr. Kindy bills his time for being the C.F.O. at a fixed hourly rate on an as needed basis.

Suren Jeyanayagam, in his capacity as President of Permotech Electronics Corporation, is subject to an employment agreement first executed December 29, 2022, which entitled him to salary of \$130,000 plus a bonus equal to 5% of the net income of Permotech. The salary was adjusted to \$140,000, effective July 1, 2023.

**Termination and Change of Control Benefits**

The Corporation has no compensatory plan or arrangement with respect to the Named Executive Officers that results or will result from the resignation, retirement or any other termination of employment of any such officer's employment with the Corporation, from a change of control of the Corporation or a change in the responsibilities of a Named Executive Officer following a change in control.



All Directors are reimbursed by the Corporation for travel and other out-of-pocket expenses incurred in attending Directors and Shareholders meetings and meetings of Board committees. Directors are also entitled to receive compensation to the extent that they provide services to the Corporation at rates that would be charged by such Directors for such services to arm's length parties.

**Outstanding Share-Based and Option-Based Awards Granted to Directors (Other Than Directors Who Are Named Executive Officers) as of June 30, 2023**

The following table summarizes all share-based and option-based awards granted by the Corporation to its Directors (other than Directors who are Named Executive Officers whose share-based and option-based awards outstanding as of June 30, 2023 are detailed above) which are outstanding as of June 30, 2023.

Name	Option-Based Awards			Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) <sup>(1)</sup>	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share- Based Awards that have not Vested (\$)
K Michael Guerriero	200,000	0.10	September 30, 2027	Nil	Nil	Nil
Zak Dingsdale <sup>(2)</sup>	175,000	0.10	November 1, 2023	Nil	Nil	Nil
Donald Beaton	150,000	0.10	September 30, 2027	Nil	Nil	Nil
Dean Tyliakos	150,000	0.10	September 30, 2027	Nil	Nil	Nil
Derrick Strickland	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

<sup>(1)</sup> Based on the closing price of the Common Shares on the Exchange on **June 29, 2023** (being the last day of the fiscal year on which the shares were traded) of **\$0.075** per Common Share.

<sup>(2)</sup> Expiry date was September 30, 2027 at the time of grant but was then adjusted, in accordance with the terms of the stock option plan, to be six months from the date of resignation.

**Outstanding Share-Based and Option-Based Awards Granted to Directors (Other Than Directors Who Are Named Executive Officers) as of June 30, 2022**

The following table summarizes all share-based and option-based awards granted by the Corporation to its Directors (other than Directors who are Named Executive Officers whose share-based and option-based awards outstanding as of June 30, 2022 are detailed above) which are outstanding as of June 30, 2022.

Name	Option-Based Awards			Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) <sup>(1)</sup>	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share- Based Awards that have not Vested (\$)
K Michael Guerriero	50,000	0.95	January 12, 2023	Nil	Nil	Nil
Zak Dingsdale	Nil	Nil	Nil	Nil	Nil	Nil
Donald Beaton	Nil	Nil	Nil	Nil	Nil	Nil
Dean Tyliakos	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

<sup>(1)</sup> Based on the closing price of the Common Shares on the Exchange on **June 20, 2022** (being the last day of the fiscal year on which the shares were traded) of **\$0.175** per Common Share. These options expired unexercised on January 12, 2023.

**Value Vested or Earned During the Year Ended June 30, 2023 by Directors (Other Than Directors Who Are Named Executive Officers) Under Option-Based Awards, Share-Based Awards and Non-Equity Incentive Plan Compensation**

The following table summarizes the value vested or earned during the year ended June 30, 2023 by Directors of the Corporation (other than Directors who are Named Executed Officers whose value vested or earned during the year ended June 30, 2023 under option-based awards, share-based awards and non-equity incentive plan compensation is detailed above) in respect of option-based awards, share-based awards and non-equity incentive plan compensation.

<b>Name</b>	<b>Option-Based Awards- Value Vested During the Year (\$)<sup>(1)</sup></b>	<b>Share-Based Awards- Value Vested During the Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation- Value Earned During the Year (\$)</b>
K Michael Guerreiro	Nil	Nil	Nil
Zak Dingsdale	Nil	Nil	Nil
Donald Beaton	Nil	Nil	Nil
Dean Tyliakos	Nil	Nil	Nil
Derrick Strickland	Nil	Nil	Nil

Note:

<sup>(1)</sup> Determined based on the difference between the market price of the underlying Common Shares on the vesting date and the exercise price of the options.

**Value Vested or Earned During the Year Ended June 30, 2022 by Directors (Other Than Directors Who Are Named Executive Officers) Under Option-Based Awards, Share-Based Awards and Non-Equity Incentive Plan Compensation**

The following table summarizes the value vested or earned during the year ended June 30, 2022 by Directors of the Corporation (other than Directors who are Named Executed Officers whose value vested or earned during the year ended June 30, 2022 under option-based awards, share-based awards and non-equity incentive plan compensation is detailed above) in respect of option-based awards, share-based awards and non-equity incentive plan compensation.

<b>Name</b>	<b>Option-Based Awards- Value Vested During the Year (\$)<sup>(1)</sup></b>	<b>Share-Based Awards- Value Vested During the Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation- Value Earned During the Year (\$)</b>
K Michael Guerreiro	Nil	Nil	Nil
Zak Dingsdale	Nil	Nil	Nil
Donald Beaton	Nil	Nil	Nil
Dean Tyliakos	Nil	Nil	Nil

Note:

<sup>(1)</sup> Determined based on the difference between the market price of the underlying Common Shares on the vesting date and the exercise price of the options.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as of June 30, 2023 with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) <sup>(1)</sup></b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by security holders	1,275,000	\$0.10	1,519,739
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	<b>1,275,000</b>	<b>\$0.10</b>	<b>1,519,739</b>

Note:

<sup>(1)</sup> Currently, the only applicable plan is the Plan (as defined under the heading “Stock Option Plan”).

The following table sets out information as of June 30, 2022 with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) <sup>(1)</sup></b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by security holders	350,000	\$0.95	2,444,739
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	<b>350,000</b>	<b>\$0.95</b>	<b>2,444,739</b>

Note:

<sup>(1)</sup> Currently, the only applicable plan is the Plan (as defined under the heading “Stock Option Plan”).

## STOCK OPTION PLAN

The Directors of the Corporation adopted a Stock Option Plan (the “**Plan**”) to encourage Common Share ownership in the Corporation by Directors, officers, employees (full or part-time) and consultants of the Corporation or its subsidiaries from time to time which was approved by the majority of disinterested Shareholders at the annual and special meeting of Shareholders held on June 28, 1996. The Plan permits the number of shares reserved for issuance pursuant to stock options granted to insiders to exceed 10% of the outstanding issue and the issuance to insiders within a one (1) year period of a number of shares to exceed 10% of the outstanding issue. The maximum number of options that can be granted to any person in any twelve (12) month period cannot exceed 5% of outstanding capital. Options granted to any one consultant in any twelve (12) month period cannot exceed 2% of the Corporation’s issued and outstanding shares. Options granted to persons providing investor relations services cannot exceed more than 2% of the Corporation’s issued and outstanding capital in any twelve (12) month period. Options granted to persons providing investor relation activities must vest over a twelve (12) month period with no more than 25% of the options vesting in any quarter. On December 10, 2013, shareholders approved certain amendments to the Plan to comply with the rules of the TSX Venture Exchange (“**TSXV**”).



The Plan provides that eligible persons thereunder include any Director, employee, (full-time or part-time), officer or consultant of the Corporation or any subsidiary thereof. A consultant means an individual (including an individual whose services are contracted through a personal holding corporation) with whom the Corporation or a subsidiary has a contract for substantial services. The Plan allows the Corporation to attract new officers and Directors by allowing it to offer stock options as inducements to join the Corporation.

The Plan is administered by the Board of Directors of the Corporation. The Board of Directors has the authority to determine, among other things, subject to the terms and conditions of the Plan, the terms, limitations, restrictions, and conditions respecting the grant of stock options under the Plan.

Pursuant to Shareholder approval on June 28, 1996, Shareholders of the Corporation authorized the reservation of up to 20% of outstanding capital for stock options based upon a fixed number of shares reserved under the Plan. On December 19, 2017, the Shareholders approved amendments to certain terms of the Plan and approved an increase in the Plan to a total of 3,494,739 Common Shares (being approximately 20% of outstanding capital) reserved under the Plan, by returning 700,000 previously exercised options to the Plan and by adding an additional 1,365,011 Common Shares to the Plan (the “**2017 Plan**”). The principal changes in the 2017 Plan include the addition of a provision automatically extending the expiry date of an option, which would otherwise expire during a blackout period, for ten (10) days following the end of the blackout period in accordance with the provisions of TSX Venture Exchange Policy 4.4 Section 3.8 and minor administrative and wording changes. Any options granted subject to the 2017 Plan that are cancelled or terminated without having been exercised shall again be available to be granted under the 2017 Plan.

The Board of Directors has the authority under the 2017 Plan to establish the option price at the time each stock option is granted which shall in all cases be not less than the closing price of the Common Shares on the trading day immediately preceding the date of the grant. Common shares of the Corporation currently trade on the CSE. Any repricing of stock options granted to insiders must be approved by a majority of the disinterested Shareholders of the Corporation.

Options granted under the 2017 Plan must be exercised no later than ten (10) years after the date of grant and options are not transferable other than by will or the laws of descent and distribution. If an optionee ceases to be an eligible person for any reason whatsoever other than death, each option held by such optionee will cease to be exercisable in a period not exceeding one hundred and eighty (180) days following the termination of the optionee’s position with the Corporation. If an optionee dies, the legal representative of the optionee may exercise the optionee’s options for a period of one (1) year after the date of the optionee’s death but only up to and including the original option expiry date.

The Corporation will not provide any optionee with financial assistance in order to enable such optionee to exercise stock options granted under the 2017 Plan.

### **Adoption of 10% rolling plan**

The Board of Directors has decided to adopt a standard up to 10% rolling stock option plan to replace the 2017 Plan. Reference is made to the heading “Particulars of Matters to be Acted Upon – Adoption of the 2024 Stock Option Plan”.

There are currently 1,100,000 stock options outstanding under the 2017 Plan and 1,344,739 options are available to be granted under the 2017 Plan. The details of the stock options granted under the 2017 Plan that remain outstanding are as follows:

<b>Name and Position</b>	<b>Common Shares Under Option</b>	<b>Exercise Price Range (per Common Share)</b>	<b>Expiry Date</b>
Directors	350,000	\$0.10	September 30, 2027
Directors who are also Executive Officers	150,000	\$0.10	September 30, 2027
Senior Officers	500,000	\$0.10 - \$0.27	September 30, 2027 to March 28, 2029
Employees	100,000	\$0.27	March 28, 2029
<b>TOTAL</b>	<b>1,100,000</b>		

### **INDEBTEDNESS OF OFFICERS AND DIRECTORS**

No Officer or Director of the Corporation is indebted to the Corporation for any sum.

### **MANAGEMENT CONTRACTS**

No management functions of the Corporation are performed to any substantial degree by a person other than the Directors or executive officers of the Corporation.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No insider of the Corporation, no proposed nominee for election as a Director of the Corporation, and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Corporation or any of its subsidiaries, other than disclosed under the headings "Executive Compensation" and "Stock Option Plan" and as disclosed below.

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS**

National Instrument 52-110 of the Canadian Securities Administrators ("NI 52-110") requires the Corporation, as a Venture Issuer, to disclose annually in its information circular certain information relating to the Corporation's audit committee and its relationship with the Corporation's independent auditors.

#### **The Audit Committee's Charter**

The Corporation's Audit Committee is governed by its Audit Committee Charter, a copy of which is annexed hereto as **Schedule "A"**.

#### **Composition of the Audit Committee**

For fiscal 2023, the Corporation's Audit Committee comprised three (3) Directors, K. Michael Guerreiro (Chair), Derrick Strickland and Dean Tyliakos. For fiscal 2022, the Corporation's Audit Committee comprised three (3) Directors, K. Michael Guerreiro (Chair), Zak Dingsdale and Dean Tyliakos. Effective April 23, 2024, William R. Johnstone was appointed a Director of the Corporation and appointed Chair of the Audit Committee. Reference is made to the heading "Election of Directors" for particulars relating to Mr. Johnstone. For fiscal 2024, the Corporation's Audit Committee will comprise four (4) Directors, William R. Johnstone (Chair), K. Michael Guerreiro, Derrick Strickland and Dean Tyliakos. As defined in NI 52-110, all members of the Audit Committee for fiscal 2023 and 2022 are independent. Mr. Johnstone is the Corporate Secretary of the Corporation and legal counsel to the Corporation and therefore is not independent. Also as defined in NI 52-110, all members of the Audit Committee are financially literate.

### **Audit Committee Oversight**

Since the commencement of the Corporation's two most recently completed fiscal years, the Corporation's Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### **Relevant Education and Experience**

The following is a summary of the relevant education and experience of each of the members of the Corporation's Audit Committee for the respective fiscal periods:

#### **Fiscal 2023**

**K. Michael Guerreiro (Chair)** - K. Michael Guerreiro is a sales representative in the real estate industry with more than 30 years' experience and is the recipient of numerous national awards. He has been a Director of the Corporation since 1996. Mr. Guerreiro obtained his B.A from the University of Waterloo (Psychology and Kinesiology) and worked in municipal administration for 17 years. Mr. Guerreiro's principal occupation demands the ability to review and analyze financial statements and discuss financial issues with accountants. This educational and practical experience has resulted in Mr. Guerreiro being able to understand accounting principles and review and evaluate financial statements of the Corporation.

**Dean Tyliakos** - Dean Tyliakos is the founder and President of Yellowhead Equipment Finance Ltd which has been in operation since 2012 and the former co-founder and Vice-President of Credit with Patron West Inc. In addition to serving as President he currently manages the operations of the company, working with existing clients, prospecting new relationships, and maintaining funding and financing partnerships. In his over 22 years serving small to mid-sized businesses, he was responsible for over \$750 million in financed/leased equipment transactions. Dean has set-up and works with several large funding partnerships including major publicly traded finance Co's, major banks and portfolio securitizers. Dean attended the Northern Alberta Institute of Technology where he earned a B. Comm (Finance) in 1996. He currently resides in St. Albert, Alberta with his wife and 4 children where he is active coaching hockey.

**Derrick Strickland** - Derrick Strickland, P. Geo, MBA, is an experienced leader, founder, director, CEO, and Vice President to over 20 publicly traded companies. He has extensive experience in the areas of corporate governance, current regulatory regimes, compliance, and disclosure matters (NI 43-101). Mr. Strickland has over 35 years of involvement in all aspects of the exploration industry, actively working as a geological and corporate advisor. Mr. Strickland's extensive network and industry engagement has seen him elected as a past director of both the Prospectors & Developers Association of Canada (PDAC) and the Association for Mineral Exploration B.C. (AME).

#### **Fiscal 2022**

**K. Michael Guerreiro (Chair)** - K. Michael Guerreiro is a sales representative in the real estate industry with more than 30 years' experience and is the recipient of numerous national awards. He has been a Director of the Corporation since 1996. Mr. Guerreiro obtained his B.A from the University of Waterloo (Psychology and Kinesiology) and worked in municipal administration for 17 years. Mr. Guerreiro's principal occupation demands the ability to review and analyze financial statements and discuss financial issues with accountants. This educational and practical experience has resulted in Mr. Guerreiro being able to understand accounting principles and review and evaluate financial statements of the Corporation.

**Zak Dingsdale** - Zak Dingsdale has over 25 years of experience in the capital markets and brings his substantial background in financial management to the Company. Mr. Dingsdale is a founder and director of Tangent Management Corp., a financial management firm that provides financial consulting and management services to publicly listed companies. Mr. Dingsdale is also VP Marketing and Corporate Finance at RF Controls LLC in St. Louis, Missouri. Mr. Dingsdale has held senior roles in numerous publicly traded technology companies providing

guidance and funding resulting in multiple successful acquisitions. These companies include QHR Technologies Inc., acquired by Loblaw's for \$170M, and MDI Technologies Inc., acquired by Logibec for \$70M. Mr. Dingsdale currently sits on the board of directors of Auston Capital Corp.

**Dean Tyliakos** - Dean Tyliakos is the founder and President of Yellowhead Equipment Finance Ltd which has been in operation since 2012 and the former co-founder and Vice-President of Credit with Patron West Inc. In addition to serving as President he currently manages the operations of the company, working with existing clients, prospecting new relationships, and maintaining funding and financing partnerships. In his over 22 years serving small to mid-sized businesses, he was responsible for over \$750 million in financed/leased equipment transactions. Dean has set-up and works with several large funding partnerships including major publicly traded finance Co's, major banks and portfolio securitizers. Dean attended the Northern Alberta Institute of Technology where he earned a B. Comm (Finance) in 1996. He currently resides in St. Albert, Alberta with his wife and 4 children where he is active coaching hockey.

### **Reliance on Certain Exemptions**

Since the effective date of NI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditors, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditors in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

### **Pre-Approval Policies and Procedures**

The Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Committee will review the engagement of non-audit services as required.

### **External Auditors Service Fees (By Category)**

The fees paid to the Corporation's external auditors in each of the last two (2) fiscal years for audit fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees <sup>(1)</sup></b>	<b>Tax Fees <sup>(2)</sup></b>	<b>All Other Fees <sup>(3)</sup></b>
2023	46,125	Nil	Nil	Nil
2022	32,800	Nil	Nil	Nil

Notes:

- (1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under Audit Fees.
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than disclosed in any other column.

### **Exemption**

The Corporation is relying upon the exemption in section 6.1 of NI 52-110 for venture issuers which allows for an exemption from Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110 and allows for the short form of disclosure of audit committee procedures set out in Form 52-110F2.

## CORPORATE GOVERNANCE

The securities regulatory authorities in Canada adopted National Instrument 58-101-Disclosure of Corporate Governance Practices (“**NI-58-101**”), which requires the Corporation to provide disclosure in this Circular of its corporate governance practices, and National Policy 58-201 Corporate Governance Guidelines (“**NP-58-201**”), which contains a series of guidelines for effective corporate governance relating to such matters as the constitution and independence of corporate boards, their functions and the experience and education of board members. Pursuant to NI-58-101, and in accordance with Form 58-101F2, the following disclosure is provided:

1. **Board of Directors** – There are currently five (5) members of the Corporation’s Board of Directors. K. Michael Guerreiro, Derrick Strickland and Dean Tyliakos are independent Directors of the Corporation. Steve Smith is the C.E.O. and the President and William R. Johnstone is the Corporate Secretary.

2. **Directorships** - No Director of the Corporation is presently a Director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction except as follows:

Director	Name of Reporting Issuer	Market	Positions with Issuer
Steve Smith	Auston Capital Corp.	TSXV	Director, Audit Committee Member
Derrick Strickland	Pegasus Resources Inc.	TSXV	Director
William R. Johnstone	Appia Rare Earths & Uranium Corp.	CSE	Director & Assistant Secretary
	Romios Gold Resources Inc.	TSXV	Director & Assistant Secretary
	Big Tree Carbon Inc.	TSXV	Director, Audit Committee Chair & Corporate Secretary
	Bold Ventures Inc.	TSXV	Director, Audit Committee Chair & Corporate Secretary
	American Critical Elements Inc.	CSE	Director & Corporate Secretary

3. **Orientation and Continuing Education** - To date, the Board of Directors has not developed a policy for orienting new directors due to the small size of the Corporation. The Board of Directors continues to monitor the needs of the Corporation and will implement such a policy when appropriate. Currently, the Board of Directors is responsible for vetting potential new Directors and ensuring they are provided with proper orientation. The Board of Directors has not currently established criteria for continuing education for Directors.

4. **Ethical Business Conduct** - The Directors understand their fiduciary obligations as Directors of a public company. The Corporation has only a few employees and the Corporation instructs them in appropriate business practices. The Corporation has implemented an Insider Trading Policy, which imposes basic trading restrictions on all officers, directors, employees and consultants of the Corporation. All Directors are required to notify fellow Directors of any material personal interest in any matter under the Board’s consideration. Having regard to the nature and extent of such interest, the affected Director may be required to remove himself from discussion and consideration of, and voting on, such matter.

5. **Nomination of Directors** - The Board of Directors is currently responsible for identifying new candidates for the Board of Directors including members to fill any vacancies on the Board of Directors. It will consider candidates submitted by Directors, officers, employees, shareholders and others and may retain search firms for the purpose of identifying suitable candidates who meet the level of personal and professional integrity and ability the Board of Directors deems appropriate for Directors of the Corporation.

6. **Compensation** - The Board of Directors reviews the compensation of Directors and officers including the granting of stock options.

7. **Other Board Committees** - The Board of Directors has assessed the Corporation’s needs and at this point

in time believe it is not necessary for the Corporation to have any other standing committees of the Board.

8. **Assessments** - The full Board of Directors will establish procedures for satisfying itself that the Board, its committees, and its individual Directors are performing effectively.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **PRESENTATION OF FINANCIAL STATEMENTS**

The Annual Financial Statements for the fiscal years ended June 30, 2023 and 2022 and June 30, 2022 and 2021 and the reports of the auditors thereon will be submitted to the Meeting. Receipt at the Meeting of the auditors' reports and the Annual Financial Statements for the Corporation's last completed fiscal periods will not constitute approval or disapproval of any matters referred to therein. The Annual Financial Statements and the Annual MD&A can be obtained from the Corporation's profile on the SEDARplus website at [www.sedarplus.com](http://www.sedarplus.com) and on the Corporation's website at [www.ztest.com](http://www.ztest.com) or at <https://docs.tsxtrust.com/2088>. Shareholders may receive paper copies of the Circular and the Annual Financial Statements and Annual MD&A by following the procedure referred to under the heading "Notice-and-Access" on the first page of this Circular. In the alternative, upon receiving a written request to the address on the second page of this Circular, the Corporation will mail a copy of the Annual Financial Statements and Annual MD&A to you.

### **ELECTION OF DIRECTORS**

The Board of Directors of the Corporation currently consists of five (5) Directors. The Directors have passed a resolution fixing the number of Directors to be elected at five (5). The persons named in the enclosed form of proxy intend to vote for the election as Directors of each of the five (5) nominees of management whose names are set forth in the table below. The Board of Directors has adopted a majority voting policy in order to promote enhanced Director accountability. Each Shareholder is entitled to cast their votes for, or withhold their votes from, the election of each Director. If the number of shares "withheld" for any nominee exceeds the number of shares voted "for" the nominee, then, notwithstanding that such Director was duly elected as a matter of corporate law, he shall tender his written resignation to the Corporation. The Board will consider such offer of resignation and the Director's suitability to continue to serve as a Board member after considering, among other things, the stated reasons, if any, why certain Shareholders "withheld" votes for the Director, the qualifications of the Director and whether the Director's resignation from the Board would be in the best interests of the Corporation.

These nominees have consented to being named in this Circular and to serve if elected. The Corporation's management does not contemplate that any of the nominees will be unable or unwilling to serve as a Director, but if that should occur for any reason prior to the Meeting, the Common Shares represented by properly submitted proxies given in favour of such nominee(s) may be voted by the persons whose names are printed in the form of proxy, in their discretion, in favour of another nominee.

The following table and notes thereto state the names of all the persons proposed to be nominated for election as Directors, all of the positions and offices with the Corporation now held by them, their present principal occupations or employments for the last five (5) years and the number of shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of them as of May 28, 2024. The information as to shares beneficially owned has been furnished to the Board of Directors by the respective nominees.

Name and Municipality of Residence	Position with Corporation	Principal Occupation or Employment for the Last Five Years	Director From	Number of Shares Beneficially Owned or Controlled
Steve Smith Abbotsford, B.C.	President, C.E.O. and a Director	President and C.E.O of the Corporation since July 3, 2018. President of Target Management; a full service capital markets consulting firm, since March 2001	December 19, 2017	3,111,000 Common Shares
K. Michael Guerreiro <sup>(1)</sup> Cambridge, Ontario	Director	Employed as a Sales Representative, Royal LePage Real Estate Services Ltd.	June 28, 1996	602,113 Common Shares
Derrick Strickland <sup>(1)</sup> Vancouver, B.C.	Director	Self-employed Geologist for over 20 years, Director of Pegasus Gold Inc. since February 1, 2024	June 9, 2023	nil
Dean Tyliakos <sup>(1)</sup> St. Albert, Alberta	Director	President, Yellowhead Equipment Finance Ltd.	January 13, 2021	795,350 Common Shares
William R. Johnstone <sup>(2)</sup> Toronto, Ontario	Director and Corporate Secretary	Lawyer, Partner with Gardiner Roberts LLP	April 23, 2024	442,571 Common Shares

Notes:

<sup>(1)</sup> Member of the Audit Committee.

<sup>(2)</sup> Chair of the Audit Committee.

**Derrick Strickland:** Mr. Strickland, P. Geo, MBA, is an experienced leader, founder, director, CEO, and Vice President to over 20 publicly traded companies. He has extensive experience in the areas of corporate governance, current regulatory regimes, compliance, and disclosure matters (NI 43-101). Mr. Strickland has over 35 years of involvement in all aspects of the exploration industry, actively working as a geological and corporate advisor. Mr. Strickland's extensive network and industry engagement has seen him elected as a past director of both the Prospectors & Developers Association of Canada (PDAC) and the Association for Mineral Exploration B.C. (AME).

**William R. Johnstone:** Mr. Johnstone, LL.B., has been practising law for over 40 years focusing on corporate and securities law. He is a partner with Gardiner Roberts LLP in Toronto. He sits on the Board of Directors of five other junior public companies and is the audit committee chair on two of them. Bill has been the Corporate Secretary of the Corporation since 1998 and has an intimate knowledge of the business and affairs of the Corporation. He will serve as the Chair of the Audit Committee of the Corporation.

The Shareholders are urged to elect Management's nominees as Directors of the Corporation.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

#### **Cease Trade Orders**

To the knowledge of the Corporation, no Director or proposed Director of the Corporation is, as at the date of this Circular, or has been in the last 10 years before the date of this Circular, a Director, chief executive officer or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity,

- (a) was subject to an order that was issued while the Director or executive officer was acting in the capacity as Director, chief executive officer or chief financial officer; or

- (b) was subject to an order that was issued after the Director or executive officer ceased to be a Director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as Director, chief executive officer or chief financial officer.

For the purposes of subsections (a) and (b) above, “order” means (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

### **Bankruptcies**

To the knowledge of the Corporation, no Director or proposed Director of the Corporation:

- (a) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a Director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Director or proposed Director.

### **Penalties or Sanctions**

To the knowledge of the Corporation, none of the Directors or proposed Directors of the Corporation have been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

### **Conflict of Interest**

To the best of the Corporation’s knowledge and other than as disclosed herein, there are no existing or potential conflicts of interest among the Corporation, its promoters, Directors, officers or other members of management of the Corporation except that certain of the Directors, officers, promoters and other members of management serve as Directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a Director, officer, promoter or member of management of such other companies and their duties as a Director, officer, promoter or management of the Corporation.

The Directors and officers of the Corporation are aware of the existence of laws governing accountability of Directors and officers for corporate opportunity and requiring disclosure by Directors of conflicts of interest and the Corporation will rely upon such laws in respect of any Directors’ and officers’ conflicts of interest or in respect of any breaches of duty by any of its Directors and officers.

### **APPOINTMENT OF AUDITOR**

On April 29, 2024, the Corporation elected to replace Wasserman Ramsay, Chartered Professional Accountants, with Kreston GTA LLP, Chartered Professional Accountants, as auditors of the Corporation. Wasserman Ramsay had advised the Corporation that they would no longer be performing audits for public companies requiring the



Corporation to engage a new firm of Chartered Professional Accountants to perform the audit of the Corporation. A copy of the Notice of Change of Auditor and the applicable response letters from the former and successor auditors were filed on SEDARplus and are attached hereto as **Schedule “B”**.

The persons named in the enclosed form of proxy intend to vote for the appointment of Kreston GTA LLP, Chartered Professional Accountants, of Markham, Ontario, as auditors of the Corporation to hold office until the next annual meeting of Shareholders and to authorize the Directors of the Corporation to fix the auditors’ remuneration.

On the representations of the said auditors, neither that firm nor any of its partners has any direct financial interest nor any material indirect financial interest in the Corporation or any of its subsidiaries nor has had any connection during the past three (3) years with the Corporation or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, Director, Officer or employee.

The Shareholders are urged by Management to appoint Kreston GTA LLP, Chartered Professional Accountants, as the Corporation’s auditors and to authorize the Board of Directors to fix their remuneration.

#### **ADOPTION OF THE 2024 STOCK OPTION PLAN**

Management of the Corporation is seeking shareholder approval to replace the 2017 Plan by adopting the new 2024 Stock Option Plan (the “**2024 Plan**”). The 2024 Plan is a standard up to 10% rolling stock option plan. The 2017 Plan is a fixed plan for the reservation of up to 20% of outstanding capital. Particulars of the 2017 Plan are set out under the heading “Stock Option Plan”. Attached as **Schedule “C”** to this Circular is the proposed 2024 Incentive Stock Option Plan (the “**2024 Plan**”) and attached as **Schedule “D”** to this Circular is a black-line of the changes to the 2017 Plan. 2024 Plan requires approval by a simple majority of shareholders voting at the Meeting. All shareholders are eligible to vote on the adoption of the 2024 Plan.

#### **Principal Changes to the 2017 Plan**

The principal changes in the 2024 Plan to the 2017 Plan are as follows:

- (a) the elimination of the ability of insiders of the Corporation to be granted options that exceed 10% of the outstanding capital of the Corporation;
- (b) the elimination of the ability of the Corporation to reserve up to 20% of issued and outstanding capital for the grant of stock options; and
- (c) minor administrative and wording changes to the 2017 Plan.

The purpose of the 2024 Plan is to provide certain directors, officers, and key employees of, and certain other persons who provide services to, the Corporation and any subsidiaries of the Corporation with an opportunity to purchase Common Shares of the Corporation and benefit from any appreciation in the value of the Corporation’s Common Shares. This will provide an increased incentive for these individuals to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the Shareholders and increasing the ability of the Corporation and its subsidiaries to attract and retain skilled and motivated individuals in the service of the Corporation.

The 2024 Plan provides for a floating maximum limit of 10% of the outstanding Common Shares. As at May 31, 2024, this represents 3,654,582 Common Shares which would be available under the 2024 Plan, of which 1,100,000 are currently issued and 2,554,582 would be reserved and available for issuance under the 2024 Plan.

Under the 2024 Plan, the option price must not be less than the closing price of the Common Shares listed on the CSE on the day immediately preceding the date of grant. An option must be exercised within a period of ten years from the

date of granting. Within this ten year period, the Board may determine the limitation period during which an option may be exercised. Any amendment to the 2024 Plan requires the approval of the CSE and may require shareholder approval.

The material terms of the 2024 Plan are as follows:

1. The term of any options granted under the 2024 Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of ten (10) years.
2. The exercise price of any options granted under the 2024 Plan will be determined by the Board, in its sole discretion, but shall not be less than the closing price of the Corporation's Common Shares on the last trading day prior to the date on which the directors grant such options.
3. No vesting requirements will apply to options granted under the 2024 Plan except in respect of option grants to persons providing investor relations services with no more than 25% of the options granted vesting in any quarter and otherwise as may be imposed by the Board.
4. All options will be non-assignable and non-transferable.
5. No more than 5% of the issued Common Shares may be granted to any one individual in any 12-month period; and no more than 2% of the issued Common Shares may be granted to a consultant, or an employee performing investor relations activities, in any 12-month period.
6. If the option holder ceases to be a director or officer of the Corporation or ceases to be employed by the Corporation (other than by reason of death or disability), as the case may be, then the options granted shall expire on no later than twelve (12) months following the date that the option holder ceases to be a director or officer or ceases to be employed by the Corporation, subject to the terms and conditions set out in the 2024 Plan. However, if the option holder is engaged in investor relations activities the options must expire within 30 days after the option holder ceases to be employed by the Corporation to provide investor relations activities.
7. If the option holder dies or is terminated for a permanent disability, the options granted may be exercised for a period of twelve (12) months following the date of death or date of termination, as the case may be.
8. Disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option or the extension of any stock option grants granted to individuals that are insiders at the time of the proposed amendment; (ii) any grant of options to insiders, within a 12-month period, exceeding 10% of the Corporation's issued Common Shares; and (iii) any grant of options to any one individual, within a 12-month period, exceeding 5% of the Corporation's issued Common Shares.
9. Options will be reclassified in the event of any consolidation, subdivision, conversion, or exchange of the Corporation's Common Shares.
10. The automatic extension of the expiry date of an option for a period of ten (10) business days following the expiry of a blackout period without shareholder approval where the option expires during a blackout period. Any option that has an expiry date that occurs within ten (10) Business Days from the end of a Blackout Period shall not be extended and shall expire if unexercised by the original expiry date.

If the 2024 Plan is adopted, it will supersede and replace the 2017 Plan. Pursuant to Policy 6 of the Canadian Securities Exchange, the Corporation is required to seek shareholder approval to the 2024 Plan not later than three years from the date the shareholders approve the resolution adopting the 2024 Plan.

It is proposed that shareholders approve the following ordinary resolution:

**“BE IT RESOLVED THAT:**

1. the Corporation’s 2024 Stock Option Plan, a copy of which is annexed to the Circular as **Schedule “C”**, is hereby approved;
2. the Corporation will seek shareholder approval of the 2024 Stock Option Plan no later than July 11, 2027; and
3. any one director or officer of the Corporation be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution.”

**Management urges shareholders to approve the adoption of the 2024 Plan.**

**ADDITIONAL INFORMATION**

Additional information concerning the Corporation can be obtained from [www.sedarplus.com](http://www.sedarplus.com).

Financial information concerning the Corporation is provided in the Corporation’s comparative Annual Financial Statements and Annual MD&A for its fiscal years ended June 30, 2023 and 2022 and June 30, 2022 and 2021. Copies of these documents may be obtained from the Corporation by making a request in writing to the Corporation at 523 McNicoll Avenue, North York, Ontario, M2H 2C9, fax (416) 297-5156 Attention: Chief Executive Officer.

**APPROVAL OF DIRECTORS**

The Circular and the mailing of same to Shareholders have been approved by the Board of Directors of the Corporation.

**DATED** the 28<sup>th</sup> day of May, 2024.

**BY ORDER OF THE  
BOARD OF DIRECTORS**

*“Steve Smith”*

**STEVE SMITH**  
Chief Executive Officer

**SCHEDULE “A”**  
**ZTEST ELECTRONICS INC.**  
**(the “Corporation”)**  
**AUDIT COMMITTEE CHARTER**

**Purpose of the Audit Committee**

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of the Corporation is to assist the Board in fulfilling its responsibility for the oversight of the financial reporting process. The purpose of this Charter is to ensure that the Corporation maintains a strong, effective and independent audit committee, to enhance the quality of financial disclosure made by the Corporation and to foster increased investor confidence in both the Corporation and Canada’s capital markets. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Corporation’s Management to ensure that the independent auditors serve the interests of shareholders rather than the interests of Management of the Corporation. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will review financial reports or other financial information provided by the Corporation to regulatory authorities and shareholders and review the integrity, adequacy and timeliness of the financial reporting and disclosure practices of the Corporation. The Committee will monitor the independence and performance of the Corporation’s independent auditors.

**Composition and Procedures of the Audit Committee**

The Committee shall consist of at least three (3) directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. While the Board may recommend a Chairman for the Committee, the Committee shall have the discretion to appoint the Chairman from amongst its members. The Committee shall establish procedures for quorum, notice and timing of meetings subject to the proviso that a quorum shall be no less than two (2) Committee members. Meetings shall be held no less regularly than once per quarter to review the audited financial statements and interim financial statements of the Corporation. At least one (1) member of the Committee shall be independent and the Board and the Committee shall endeavor to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members’ independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Corporation. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

**Specific duties and responsibilities of the Audit Committee**

- (1) The Committee shall recommend to the Board:
  - (a) the external auditors to be nominated for the purpose of preparing or issuing an auditors’ report or performing other audit, review or attest services for the Corporation; and
  - (b) the compensation of the external auditors.
- (2) The Committee shall be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditors’ report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between Management and the external auditors regarding financial reporting.
- (3) The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation’s external auditors.

- (4) The Committee satisfies the pre-approval requirement in subsection (3) if:
  - (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiary entities to the Corporation's external auditors during the fiscal year in which the services are provided;
  - (b) the Corporation or the subsidiary entity of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
  - (c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.
- (5)
  - (a) The Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection (3).
  - (b) The pre-approval of non-audit services by any member to whom authority has been delegated pursuant to subsection (5)(a) must be presented to the Committee at its first scheduled meeting following such pre-approval.
- (6) The Committee satisfies the pre-approval requirement in subsection (3) if it adopts specific policies and procedures for the engagement of the non-audit services, if:
  - (a) the pre-approval policies and procedures are detailed as to the particular service;
  - (b) the Committee is informed of each non-audit service; and
  - (c) the procedures do not include delegation of the Committee's responsibilities to Management.
- (7) The Committee shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.
- (8) The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection (7), and must periodically assess the adequacy of those procedures.
- (9) The Committee must establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (10) The Committee must review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- (11) The Committee shall have the authority:
  - (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
  - (b) to set and pay the compensation for any advisors employed by the Committee; and

- (c) to communicate directly with the internal and external auditors.
- (12) The Committee shall review with Management and independent auditors the quality and the appropriateness of the Corporation's financial reporting and accounting policies, standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
- (13) The Committee shall review the clarity of the financial statement presentation with a view to ensuring that the financial statements provide meaningful and readily understandable information to shareholders and the investing public.
- (14) The Committee shall monitor the independence of the independent auditors and establish procedures for confirming annually the independence of the independent auditors and any relationships that may impact upon the objectivity and the independence of the external auditors.\
- (15) The Committee shall review with Management and the external auditors the audit Plan for the year-end financial statements prior to the commencement of the year end audit.
- (16) The Committee shall review the appointments of the Corporation's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
- (17) The Committee shall review with Management and the external auditors significant related party transactions and potential conflicts of interest.
- (18) The Committee shall review in consultation with the external auditors and Management the integrity of the Corporation's financial reporting process and internal controls.
- (19) The Committee shall meet with the external auditors in the absence of Management to discuss the audit process, any difficulties encountered, any restrictions on the scope of work or access to required information, any significant judgments made by Management and any disagreement among Management and the external auditors in the preparation of the financial statements and such other matters that may arise as a result of the audit or review by the external auditors.
- (20) The Committee shall conduct or authorize any review or investigation and consider any matters of the Corporation the Committee believes is within the scope of its responsibilities and shall establish procedures for such review or investigation as may be required.
- (21)** The Committee shall make recommendations to the Board with respect to changes or improvements to financial or accounting practices, policies and principles and changes to this Charter.

**SCHEDULE “B”**

**NOTICE OF CHANGE OF AUDITORS  
Pursuant to National Instrument 51-102**

TO: KRESTON GTA LLP  
WASSERMAN RAMSAY, CHARTERED PROFESSIONAL ACCOUNTANTS

AND TO: Ontario Securities Commission  
British Columbia Securities Commission  
Alberta Securities Commission  
Canadian Securities Exchange

Dear Sirs/Mesdames:

Notice is hereby given, pursuant to section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”), of a change of auditor of ZTEST Electronics Inc. (the “**Corporation**”).

1. The Corporation requested the resignation of WASSERMAN RAMSAY, CHARTERED PROFESSIONAL ACCOUNTANTS (the “**Former Auditors**”), said resignation to be effective as of April 29, 2024.
2. The resignation of the Former Auditors was considered and approved by the Audit Committee and the Board of Directors of the Corporation.
3. The Audit Committee also recommended and the Board of Directors approved, subject to the applicable regulations, the appointment of Kreston GTA LLP, 8953 Woodbine Ave., Markham, Ontario, L3R 0J9 (the “**New Auditors**”), as auditors of the Corporation to provide audit services to the Corporation for the year ending June 30, 2024 and to hold office as auditors of the Corporation until the next annual meeting of shareholders of the Corporation.
4. There was no reservation contained in the Former Auditors’ reports on the financial statements of the Corporation for: (a) the two most recently completed financial years of the Corporation; or (b) for any period subsequent thereto for which an audit report was issued and preceding the effective date of the resignation of the Former Auditors.
5. In the opinion of the Audit Committee and the Board of Directors of the Corporation, there are no reportable events to declare as defined in subparagraph 4.11(1) of NI 51-102.

DATED this 29<sup>th</sup> day of April, 2024

**ZTEST ELECTRONICS INC.**

“Signed”

Per:

\_\_\_\_\_  
**William R. Johnstone**

Corporate Secretary

# Wasserman Ramsay

Chartered Professional Accountants

3601 Hwy 7 East, Suite 1008, Markham, Ontario L3R 0M3  
Tel. (905) 948-8637 Fax (905) 948-8638  
email: wram@wassermanramsay.ca

May 2, 2024

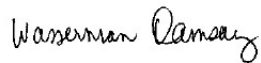
British Columbia Securities Commission  
Ontario Securities Commission  
Alberta Securities Commission  
Canadian Securities Exchange

Dear Sirs/Mesdames

Re: ZTEST Electronics Inc. Notice of Change of Auditor

As required by Section 4.11 of National Instrument 51-102 Continuous Disclosure Obligations, we have reviewed the information contained in the Company's Notice of Change of Auditor dated April 29, 2024 (the "Notice"). Based on our knowledge as of the date of this letter, we agree with each statement in the Notice as it pertains to Wasserman Ramsay, CPA's.

Yours truly



Chartered Professional Accountants  
Licenced Public Accountants





May 6, 2024

**Ontario Securities Commission  
Alberta Securities Commission  
British Columbia Securities Commission  
Canadian Securities Exchange**

Dear Sirs/Mesdames:

**Re: ZTEST Electronics Inc. (the "Company")  
Change of Auditor Pursuant to National Instrument 51-102 (Part 4.11)**

As required by National Instrument 51-102 (Part 4.11), we have read the statements by the Company in the Notice of Change of Auditor (the "Notice") dated April 29, 2024 and confirm our agreement with the information contained in the Notice pertaining to our firm.

Yours very truly,

*Kreston gTA LLP*

Kreston GTA LLP  
Chartered Professional Accountants, Licensed Public Accountants  
Markham, Ontario

*cc: ZTEST Electronic Inc. – Board of Directors*

**knowing you.**

Kreston GTA LLP is a partnership  
registered in Ontario, Canada.

8953-8965 Woodbine Avenue  
Markham, Ontario, L3R 0J9

66 Wellington Street  
Aurora, Ontario, L4G 1H8

[krestongta.com](http://krestongta.com)

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FORUM OF FIRMS

**SCHEDULE “C”**

**ZTEST ELECTRONICS INC.**

**2024 INCENTIVE STOCK OPTION PLAN**

**1. PURPOSE:** The purpose of this 2024 Incentive Stock Option Plan (the “**Plan**”) is to encourage common stock ownership in ZTEST Electronics Inc. (the “**Company**”) by directors, officers, employees (including part time employees employed by the Company for less than twenty (20) hours per week (an “**Employee**”)) and consultants (including consultants whose services are contracted through a company) of the Company or any Affiliate, as that term is defined in relevant securities legislation, of the Company (a “**Consultant**”) or by a personal holding company of any such officer, director or employee that is wholly-owned by such individual or by registered retirement savings plans or tax free saving accounts established by any such officer, director or employee (hereinafter referred to as “**Optionee**” or “**Optionees**”) who are primarily responsible for the management and profitable growth of its business and to advance the interests of the Company by providing additional incentive for superior performance by such persons and to enable the Company to attract and retain valued directors, officers, consultants and employees by granting options (the “**Options**” or “**Option**”) to purchase common shares of the Company on the terms and conditions set forth in this Plan and any Stock Option Agreements entered into between the Company and the Optionees in accordance with the Plan. Any Options granted to a personal holding company shall be cancelled immediately upon any change in control of such personal holding company, save and except in the event of the death of the principal of such personal holding company, in which case, subject to the terms of the Stock Option Agreement, the provisions of subparagraph 5(f)(iii) shall apply.

**2. ADMINISTRATION:** The Plan shall be administered by the Board of Directors from time to time of the Company (the “**Administrator**”). No member of the Board of Directors shall by virtue of such appointment be disentitled or ineligible to receive Options. The Administrator shall have full authority to interpret the Plan and to make such rules and regulations and establish such procedures as it deems appropriate for the administration of the Plan, taking into consideration the recommendations of management, and the decision of the Administrator shall be binding and conclusive. The decision of the Administrator shall be binding, provided that notwithstanding anything herein contained, the Administrator may from time to time delegate the authority vested in it under this clause to the President or Chief Executive Officer who shall thereupon exercise all of the powers herein given to the Administrator, subject to any express direction by resolution of the Board of Directors of the Company from time to time and further provided that a decision of the majority of persons comprising the Board of Directors in respect of any matter hereunder shall be binding and conclusive for all purposes and upon all persons. The senior officers of the Company are authorized and directed to do all things and execute and deliver all instruments, undertakings and applications as they in their absolute discretion consider necessary for the implementation of the Plan.

**3. NUMBER OF SHARES SUBJECT TO OPTIONS:** The Board of Directors of the Company will make available that number of common shares for the purpose of the Plan that it considers appropriate except that the number of common shares that may be issued pursuant to the exercise of Options under the Plan, the exercise of options under the previous Stock Option Plan approved by shareholders on December 19, 2017 (the “**2017 Plan**”) and under any other stock options of the Company shall not exceed 10% of the common shares issued and outstanding (on a non-diluted basis) at any time and from time to time. In the event that Options granted under the Plan, and under any other stock options of the Company which may be in effect at a particular time,

are surrendered, terminate or expire without being exercised in whole or in part, new Options may be granted covering the common shares not purchased under such lapsed Options. All Options granted and outstanding under the 2017 Plan shall be deemed to have been granted under the Plan.

**4. PARTICIPATION:** Options shall be granted under the Plan only to Optionees as shall be designated from time to time by the Administrator and shall be subject to the approval of such regulatory authorities as the Administrator shall designate, which shall also determine the number of shares subject to such Option. Optionees who are consultants of the Company or an Affiliate of the Company must either perform services for the Company on an ongoing basis or provide, or be expected to provide, a service of value to the Company or to an Affiliate of the Company. The Company and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Employee or Consultant, as applicable, and that no Option shall be granted to any Optionee who is not a bona fide Employee or Consultant.

**5. TERMS AND CONDITIONS OF OPTIONS:** The terms and conditions of each Option granted under the Plan shall be set forth in written Stock Option Agreements between the Company and the Optionee. Such terms and conditions shall include the following as well as such other provisions, not inconsistent with the Plan, as may be deemed advisable by the Administrator:

(a) Number of Shares subject to Option to any one Optionee: The number of shares subject to an Option shall be determined from time to time by the Administrator; but no one Optionee shall be granted an Option which when aggregated with any other options or common shares allotted to such Optionee under the Plan exceeds 5% of the issued and outstanding common shares of the Company (on a non-diluted basis), the total number of Options granted to any one Optionee in any 12 month period shall not exceed 5% of the issued and outstanding common shares of the Company (on a non-diluted basis), the total number of Options granted or issued to Insiders (as that term is defined in the TSX Venture Exchange (“TSXV”) Policies (“Insiders”)) (as a group) in any 12 month period shall not exceed 10% of the issued and outstanding common shares of the Company (on a non-diluted basis), calculated as at the date any Options are granted or issued to any Insiders, the total number of Options granted or issued to Insiders (as a group) shall not exceed 10% of the issued and outstanding common shares of the Company (on a non-diluted basis) at any point in time, the total number of Options granted to any one consultant in any 12 month period shall not exceed 2% of the issued and outstanding common shares of the Company (on a non-diluted basis), and the total number of Options granted to all persons, including employees, providing investor relations activities to the Company in any 12 month period shall not exceed 2% of the issued and outstanding common shares of the Company (on a non-diluted basis) and the Option Price per common share shall be determined in accordance with subparagraph (b) below. Options granted to persons providing investor relations activities must vest over a period of not less than twelve (12) months with no more than 25% of the Options vesting in any quarter.

(b) Option Price: The Option Price of any common shares in respect of which Options may be granted under the Plan shall not be less than the closing price of the Company’s common shares, on the principal exchange on which the common shares of the Company are listed, on the last trading day prior to the date of grant of the Options or in accordance with the pricing rules of any stock exchange on which the common shares of the Company may trade in the future or, where no specific rules apply with respect to price, the fair market value of the common share at the time the Options are granted.

In the resolution allocating any Option, the Administrator may determine that the date of grant aforesaid shall be a future date determined in the manner specified by such resolution. The Administrator may also determine that the Option Price per share may escalate at a specified rate

dependent upon the year in which any Option to purchase common shares may be exercised by the Optionee.

The Company must obtain disinterested Shareholder approval (exclusive of any votes of Insiders and Associates and Affiliates (as those terms are defined in the TSXV Policies) of such Insiders) of any decrease in the exercise price of or extensions to any stock options granted to individuals that are Insiders at the time of the proposed amendment.

(c) **Payment:** The full purchase price of shares purchased under the Option shall be paid in cash upon the exercise thereof. A holder of an Option shall have none of the rights of a stockholder until the shares are issued to him. All common shares issued pursuant to the exercise of Options granted or deemed to be granted under the Plan, will be so issued as fully paid and non-assessable common shares. No Optionee or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares subject to an Option under this Plan, unless and until certificates for such common shares are issued to him or them under the terms of the Plan.

(d) **Term of Options:** Options may be granted under this Plan exercisable over a period not exceeding ten (10) years. Each Option shall be subject to earlier termination as provided in subparagraph (f) below and paragraphs 7 and 8.

(e) **Exercise of Options:** The exercise of any Option will be contingent upon receipt by the Company at its head office of a written notice of exercise, specifying the number of common shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such common shares with respect to which the Option is exercised. An Option may be exercised in full or in part during any year of the term of the Option as provided in the written Stock Option Agreement; provided however that except as expressly otherwise provided herein or as provided in any valid Stock Option Agreement approved by the Administrator, no Option may be exercised unless that Optionee is then a director, officer, consultant and/or in the employ of the Company. This Plan shall not confer upon the Optionee any right with respect to continuance as a director, officer, employee or consultant of the Company or of any affiliate of the Company.

(f) **Termination of Options:** Any Option granted pursuant hereto, to the extent not validly exercised, and save as expressly otherwise provided herein and subject to the provisions of paragraphs 7, 8, and 12, will terminate on the earlier of the following dates:

- (i) the date of expiration specified in the Stock Option Agreement, being not more than ten (10) years after the date the Option was granted;
- (ii) the date of termination of the Optionee's employment or upon ceasing to be a director and/or officer of the Company or up to a period not exceeding twelve (12) months thereafter for any cause other than by retirement, permanent disability or death;

- (iii) one (1) year after the date of the Optionee's death during which period the Option may be exercised only by the Optionee's legal representative or the person or persons to whom the deceased Optionee's rights under the Option shall pass by will or the applicable laws of descent and distribution, and only to the extent the Optionee would have been entitled to exercise it at the time of his death if the employment of the Optionee had been terminated by the Company on such date;
- (iv) twelve (12) months after termination of the Optionee's employment by permanent disability or retirement under any Retirement Plan of the Company during which twelve (12) month period the Optionee may exercise the Option to the extent he was entitled to exercise it at the time of such termination provided that if the Optionee shall die within such twelve (12) month period, then such right shall be extended to one (1) year following the death of the Optionee and shall be exercisable only by the persons described in subparagraph (f)(iii) hereof and only to the extent therein set forth.

(g) **Non-transferability of Options:** No Option shall be transferable or assignable by the Optionee other than by will or the laws of descent and distribution and shall be exercisable during his lifetime only by him.

(h) **Applicable Laws or Regulations:** The Company's obligation to sell and deliver stock under each Option is subject to such compliance by the Company and any Optionee as the Company deems necessary or advisable with all laws, rules and regulations of Canada and the United States of America and any Provinces and/or States thereof applying to the authorization, issuance, listing or sale of securities and is also subject to the acceptance for listing of the common shares which may be issued in exercise thereof by each stock exchange upon which shares of the Company are listed for trading.

(i) **Vesting:** Options granted pursuant hereto may vest over any period determined by the Administrator in its sole discretion (subject to the provisions of paragraph 5(a)).

**6. ADJUSTMENT IN EVENT OF CHANGE IN STOCK:** Each Option shall contain uniform provisions in such form as may be approved by the Administrator to appropriately adjust the number and kind of shares covered by the Option and the exercise price of shares subject to the Option in the event of a declaration of stock dividends, or stock subdivisions or consolidations or reconstruction or reorganization or recapitalization of the Company or other relevant changes in the Company's capitalization (other than issuance of additional shares) to prevent substantial dilution or enlargement of the rights granted to the Optionee by such Option. Any adjustments, other than in connection with a stock subdivision or consolidation, shall be subject to the prior acceptance of the principal exchange on which the common shares of the Company are listed, including adjustments relating to an amalgamation, merger, arrangement, reorganization spin-off, dividend or recapitalization. The number of common shares available for Options, the common shares subject to any Option, and the Option Price thereof shall be adjusted appropriately by the Administrator and such adjustment shall be effective and binding for all purposes of the Plan.

**7. ACCELERATION OF EXPIRY DATES:** Upon the announcement or contemplation of any event, including a reorganization, acquisition, amalgamation or merger (or a plan of arrangement in connection with any of the foregoing), other than solely involving the Company and one or more of its affiliates (as such term is defined in the Securities Act (Ontario)), with respect to which all or substantially all of the persons who were the beneficial owners of the common shares, immediately prior to such reorganization, amalgamation, merger or plan of arrangement do not, following such reorganization, amalgamation, merger or plan of arrangement, beneficially own, directly or indirectly more than 50% of the resulting voting shares on a fully-diluted basis (for greater certainty, this shall not include a public offering or private placement out of treasury) or the sale to a person other than an affiliate of the Company of all or substantially all of the Company's assets (collectively, a "**Change of Control**"), the Company shall have the discretion, without the need for the agreement of any Optionee, to accelerate the Expiry Dates and/or any applicable vesting provisions of all Options, as it shall see fit. The Company may accelerate one or more Optionee's Expiry Dates and/or vesting requirements without accelerating the Expiry Dates and/or vesting requirements of all Options and may accelerate the Expiry Date and/or vesting requirements of only a portion of an Optionee's Options. An acceleration of the Expiry Date of persons providing investor relations activities shall remain subject to the provisions of paragraph 5 (a).

**8. AMALGAMATION, CONSOLIDATION OR MERGER:** In the event that the Company is a consenting party to a Change of Control, outstanding Options shall be subject to the agreement effecting such Change of Control and Optionees shall be bound by such Change of Control agreement. Such agreement, without the Optionees' consent, may provide for:

- (a) the continuation of such outstanding Options by the Company (if the Company is the surviving or acquiring corporation);
- (b) the assumption of the Plan and such outstanding Options by the surviving entity;  
or
- (c) the substitution or replacement by the surviving or acquiring corporation or its parent of options with substantially the same terms for such outstanding Options.

The Company may provide in any agreement with respect to any such Change of Control that the surviving, new or acquiring corporation shall grant options to the Optionees to acquire shares in such corporation or its parent with respect to which the excess of the fair market value of the shares of such corporation immediately after the consummation of such Change of Control over the exercise price therefore shall not be less than the excess of the value of the common shares over the Exercise Price of the Options immediately prior to the consummation of such Change of Control.

**9. APPROVALS:** The obligation of the Company to issue and deliver the common shares in accordance with the Plan is subject to any approvals which may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If any common shares cannot be issued to any Optionee for whatever reason, the obligation of the Company to issue such common shares shall terminate and any Option exercise price paid to the Company will be returned to the Optionee.

**10. STOCK EXCHANGE RULES:** The rules of any stock exchange upon which the Company's common shares are listed shall be applicable relative to Options granted to Optionees.

**11. AMENDMENT AND DISCONTINUANCE OF PLAN:** Subject to regulatory approval, the Board of Directors may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time provided however that no such right may, without the consent of the Optionee, in any manner adversely affect the rights of the Optionee under any Option theretofore granted under the Plan.

**12. EXTENSION OF EXPIRY DATE DURING BLACKOUT PERIOD:** The expiry date of an Option will be extended automatically without shareholder approval where such expiry date occurs within a Blackout Period and the new expiry date shall be the 10th Business Day following the end of the relevant Blackout Period. For greater clarity, any Option that has an expiry date that occurs within ten (10) Business Days from the end of a Blackout Period shall not be extended and shall expire if unexercised by the original expiry date. For the purposes of the Plan “Business Day” means any day other than a Saturday, Sunday or a day that is treated as a holiday at the Company’s principal executive offices in Toronto, Ontario, Canada. For the purposes of the Plan “Blackout Period” means any period during which a policy of the Company prevents Optionees of the Company from trading in securities of the Company, including the exercise of the Options. The Blackout Period must be formally imposed by the Company pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information. The Blackout Period must expire upon the general disclosure of the undisclosed Material Information or upon such Material Information ceasing to be material or applicable.

**13. EFFECTIVE DATE AND DURATION OF PLAN:** The Plan shall remain in full force and effect from the date of shareholder approval hereof and from year to year thereafter until amended or terminated in accordance with Paragraph 11 hereof and for so long thereafter as Options remain outstanding in favour of any Optionee.

**14. REPLACEMENT OF PREVIOUS PLAN:** This Plan replaces and supersedes the 2017 Plan.

**SCHEDULE “D”****ZTEST ELECTRONICS INC.****20172024 INCENTIVE STOCK OPTION PLAN**

1. **PURPOSE:** The purpose of this ~~New~~2024 Incentive Stock Option Plan (the “**Plan**”) is to encourage common stock ownership in ZTEST Electronics Inc. (the “**Company**”) by directors, officers, employees (including part time employees employed by the Company for less than twenty (20) hours per week (an “**Employee**”)) and consultants (including ~~individuals~~consultants whose services are contracted through a ~~personal holding company that is wholly-owned by such individual~~) of the Company or any Affiliate, as that term is defined in relevant securities legislation, of the Company (a “**Consultant**”) or by a personal holding company of any such officer, director or employee that is wholly-owned by such individual or by registered retirement savings plans ~~or tax free saving accounts~~ established by any such ~~officers, directors or employees~~officer, director or employee (hereinafter referred to as “**Optionee**” or “**Optionees**”) who are primarily responsible for the management and profitable growth of its business and to advance the interests of the Company by providing additional incentive for superior performance by such persons and to enable the Company to attract and retain valued directors, officers, consultants and employees by granting options (the “**Options**” or “**Option**”) to purchase common shares of the Company on the terms and conditions set forth in this Plan and any Stock Option Agreements entered into between the Company and the Optionees in accordance with the Plan. Any Options granted to a personal holding company shall be cancelled immediately upon any change in control of such personal holding company, save and except in the event of the death of the principal of such personal holding company, in which case, subject to the terms of the Stock Option Agreement, the provisions of ~~Subsection~~subparagraph 5(f)(iii) shall apply.

2. **ADMINISTRATION:** The Plan shall be administered by the Board of Directors from time to time of the Company (the “**Administrator**”). No member of the Board of Directors shall by virtue of such appointment be disqualified or ineligible to receive Options. The Administrator shall have full authority to interpret the Plan and to make such rules and regulations and establish such procedures as it deems appropriate for the administration of the Plan, taking into consideration the recommendations of management, and the decision of the Administrator shall be binding and conclusive. The decision of the Administrator shall be binding, provided that notwithstanding anything herein contained, the Administrator may from time to time delegate the authority vested in it under this clause to the President or Chief Executive Officer who shall thereupon exercise all of the powers herein given to the Administrator, subject to any express direction by resolution of the Board of Directors of the Company from time to time and further provided that a decision of the majority of persons comprising the Board of Directors in respect of any matter hereunder shall be binding and conclusive for all purposes and upon all persons. The senior officers of the Company are authorized and directed to do all things and execute and deliver all instruments, undertakings and applications as they in their absolute discretion consider necessary for the implementation of the Plan.

3. **NUMBER OF SHARES SUBJECT TO OPTIONS:** The Board of Directors of the Company will make available that number of common shares for the purpose of the Plan that it considers appropriate except that, ~~pursuant to shareholder approval obtained on December 19, 2017,~~ the number of common shares that may be issued pursuant to the exercise of Options under the Plan ~~and,~~ the exercise of options under ~~the previous Stock Option Plan approved by shareholders on December 19, 2017 (the “2017 Plan”)~~ and under any other stock options of the Company shall not exceed ~~3,494,739 common shares (being not more than 20% of the Company’s 10% of the common shares issued and outstanding capital as of November 6, 2017)~~(on a non-diluted basis) at any time and from time to time. In the event that Options granted under



the Plan ~~or, and under~~ any other stock options of the Company which may be in effect at a particular time, are surrendered, terminate or expire without being exercised in whole or in part, new Options may be granted covering the common shares not purchased under such lapsed Options. ~~The Plan and any other stock options of the Company from time to time and any other share compensation arrangements in place shall be collectively referred to as the share compensation arrangements (the "SCA").~~ All Options granted and outstanding under ~~any previous stock option plan~~ the 2017 Plan shall be deemed to have been granted under the Plan ~~(the "Prior Options"). All Prior Options shall be amended to comply with the provisions of the Plan.~~

**4. PARTICIPATION:** Options shall be granted under the Plan only to Optionees as shall be designated from time to time by the Administrator and shall be subject to the approval of such regulatory authorities as the Administrator shall designate, which shall also determine the number of shares subject to such Option. Optionees who are consultants of the Company or an Affiliate of the Company must either perform services for the Company on an ongoing basis or provide, or be expected to provide, a service of value to the Company or to an Affiliate of the Company. The Company ~~represents that no option~~ and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Employee or Consultant, as applicable, and that no Option shall be granted to any ~~Employee or Consultant~~ Optionee who is not a bona fide Employee or Consultant.

**5. TERMS AND CONDITIONS OF OPTIONS:** The terms and conditions of each Option granted under the Plan shall be set forth in written Stock Option Agreements between the Company and the Optionee. Such terms and conditions shall include the following as well as such other provisions, not inconsistent with the Plan, as may be deemed advisable by the Administrator:

(a) Number of Shares subject to Option to any one Optionee: The number of shares subject to an Option shall be determined from time to time by the Administrator; but no one Optionee shall be granted an Option which when aggregated with any other options or common shares allotted to such Optionee under the Plan exceeds 5% of the issued and outstanding common shares of the Company (on a non-diluted basis), the total number of Options granted to any one Optionee in any 12 month period shall not exceed 5% of the issued and outstanding common shares of the Company (on a non-diluted basis), the ~~total~~ number of ~~options~~ Options granted or issued to Insiders (as that term is defined in the TSX Venture Exchange ("TSXV") Policies ("Insiders")) (as a group) in any 12 month period shall not exceed 10% of the issued and outstanding common shares of the Company (on a non-diluted basis), calculated as at the date any Options are granted or issued to any Insiders, the total number of Options granted or issued to Insiders (as a group) shall not exceed 10% of the issued and outstanding common shares of the Company (on a non-diluted basis) at any point in time, the total number of Options granted to any one consultant in any 12 month period shall not exceed 2% of the issued and outstanding common shares of the Company (on a non-diluted basis), and the total number of ~~options~~ Options granted to all persons, including employees, providing investor relations activities to the Company in any 12 month period shall not exceed 2% of the issued and outstanding common shares of the Company (on a non-diluted basis) and the Option Price per common share shall be determined in accordance with ~~Subsection (e) subparagraph (b)~~ below. Options granted to persons providing investor relations activities must vest over a period of not less than twelve (12) months with no more than 25% of the ~~options~~ Options vesting in any quarter.

~~(b) Number of Shares subject to Options to related persons as defined in National Instrument 45-106 ("Related Persons") which shall include all Insiders as defined by the TSX Venture Exchange together with all associates of directors and executive officers: At any time the number of shares subject to the SCA in favour of Related Persons may be such that:~~

~~(i) the number of shares reserved for issuance pursuant to stock options granted to Related Persons and pursuant to the SCA exceeds 10% of the outstanding issue; and~~

(ii) ~~the number of shares issued to Related Persons, within a one-year period, exceeds 10% of the outstanding issue.~~

(eb) Option Price: The Option Price of any common shares in respect of which Options may be granted under the Plan shall ~~be not~~ be less than the closing price of the Company's common shares, on ~~any stock~~ the principal exchange on which the ~~Company's~~ Company's common shares of the Company are listed, on the last trading day immediately preceding prior to the date of grant of the Options, ~~or otherwise the price at which Options may be granted pursuant to the~~ in accordance with the pricing rules of any regulatory authority or stock exchange ~~on~~ which the common shares of the Company is subject may trade in the future or, where no specific rules apply with respect to ~~the~~ price, the fair market value of the common ~~shares~~ share at the time the Options are granted.

In the resolution allocating any Option, the Administrator may determine that the date of grant aforesaid shall be a future date determined in the manner specified by such resolution. The Administrator may also determine that the Option Price per share may escalate at a specified rate dependent upon the year in which any Option to purchase common shares may be exercised by the Optionee. ~~No options granted to Related Persons may be repriced without the approval of a majority of shareholders of the Company exclusive of any Related Persons.~~

The Company must obtain disinterested Shareholder approval (exclusive of any votes of Insiders and Associates and Affiliates (as those terms are defined in the TSXV Policies) of such Insiders) of any decrease in the exercise price of or extensions to any stock options granted to individuals that are Insiders at the time of the proposed amendment.

(dc) Payment: The full purchase price of shares purchased under the Option shall be paid in cash upon the exercise thereof. A holder of an Option shall have none of the rights of a stockholder until the shares are issued to him. All common shares issued pursuant to the exercise of Options granted or deemed to be granted under the Plan, will be so issued as fully paid and non-assessable common shares. No Optionee or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares subject to an Option under this Plan, unless and until certificates for such common shares are issued to him or them under the terms of the Plan.

(ed) Term of Options: Options may be granted under this Plan exercisable over a period not exceeding ten (10) years, ~~subject to the provisions of Sections 7, 8 and 14.~~ Each Option shall be subject to earlier termination as provided in ~~Subsection (g) subparagraph (f) below~~ and paragraphs 7 and 8.

(fc) Exercise of Options: The exercise of any Option will be contingent upon receipt by the Company at its head office of a written notice of exercise, specifying the number of common shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such common shares with respect to which the Option is exercised. An Option may be exercised in full or in part during any year of the term of the Option as provided in the written Stock Option Agreement; provided however that except as expressly otherwise provided herein or as provided in any valid Stock Option Agreement approved by the Administrator, no Option may be exercised unless that Optionee is then a director, officer, consultant and/or in the employ of the Company. This Plan shall not confer upon the Optionee any right with respect to continuance as a director, officer, employee or consultant of the Company or of any affiliate of the Company.

(gf) Termination of Options: Any Option granted pursuant hereto, to the extent not validly exercised, and save as expressly otherwise provided herein, ~~and subject to the provisions of Sections~~ paragraphs 7, 8, and 14, as applicable 12, will terminate on the earlier of the following dates:

- (i) the date of expiration specified in the Stock Option Agreement, being not more than ten (10) years after the date the Option was granted;
- (ii) the date of termination of the ~~Optionee's~~Optionee's employment or upon ceasing to be a director and/or officer of the Company or up to a period not exceeding ~~one hundred and eighty (180) days~~twelve (12) months thereafter for any cause other than by retirement, permanent disability or death;
- (iii) one (1) year after the date of the Optionee's death during which period the Option may be exercised only by the ~~Optionee's~~Optionee's legal representative or the person or persons to whom the deceased ~~Optionee's~~Optionee's rights under the Option shall pass by will or the applicable laws of descent and distribution, and only to the extent the Optionee would have been entitled to exercise it at the time of his death if the employment of the Optionee had been terminated by the Company on such date;~~or~~
- (iv) ~~one hundred and eighty (180) days~~twelve (12) months after termination of the ~~Optionee's~~Optionee's employment by permanent disability or retirement under any Retirement Plan of the Company during which ~~one hundred and eighty (180) days~~twelve (12) month period the Optionee may exercise the Option to the extent he was entitled to exercise it at the time of such termination provided that if the Optionee shall die within such ~~six~~twelve (612) month period, then such right shall be extended to one (1) year following the death of the Optionee and shall be exercisable only by the persons described in ~~Subsection (g)subparagraph (f)~~(iii) hereof and only to the extent therein set forth.

(~~h~~g) Non-transferability of Options: No Option shall be transferable or assignable by the Optionee other than by will or the laws of descent and distribution and shall be exercisable during his lifetime only by him.

(~~h~~i) Applicable Laws or Regulations: The ~~Company's~~Company's obligation to sell and deliver stock under each Option is subject to such compliance by the Company and any Optionee as the Company deems necessary or advisable with all laws, rules and regulations of Canada and the United States of America and any Provinces and/or States thereof applying to the authorization, issuance, listing or sale of securities and is also subject to the acceptance for listing of the common shares which may be issued in exercise thereof by each stock exchange upon which shares of the Company are listed for trading.

(~~i~~j) Vesting: Options granted pursuant hereto may vest over any period determined by the Administrator in its sole discretion (subject to the provisions of ~~Section~~paragraph 5(a)).

**6. ADJUSTMENT IN EVENT OF CHANGE IN STOCK:** Each Option shall contain uniform provisions in such form as may be approved by the Administrator to appropriately adjust the number and kind of shares covered by the Option and the exercise price of shares subject to the Option in the event of a declaration of stock dividends, or stock subdivisions or consolidations or reconstruction or reorganization or recapitalization of the Company or other relevant changes in the ~~Company's~~Company's capitalization (other than issuance of additional shares) to prevent substantial dilution or enlargement of the rights granted to the Optionee by such Option. Any adjustments, other than in connection with a stock subdivision or consolidation, shall be subject to the prior acceptance of the principal exchange on which the common shares of the Company are listed, including adjustments relating to an amalgamation, merger, arrangement, reorganization spin-off, dividend or recapitalization. The number of common shares available for Options,

the common shares subject to any Option, and the Option Price thereof shall be adjusted appropriately by the Administrator and such adjustment shall be effective and binding for all purposes of the Plan.

**7. ACCELERATION OF EXPIRY DATES:** Upon the announcement or contemplation of any event, including a reorganization, acquisition, amalgamation or merger (or a plan of arrangement in connection with any of the foregoing), other than solely involving the Company and one or more of its affiliates (as such term is defined in the Securities Act (Ontario)), with respect to which all or substantially all of the persons who were the beneficial owners of the common shares, immediately prior to such reorganization, amalgamation, merger or plan of arrangement do not, following such reorganization, amalgamation, merger or plan of arrangement, beneficially own, directly or indirectly more than 50% of the resulting voting shares on a fully-diluted basis (for greater certainty, this shall not include a public offering or private placement out of treasury) or the sale to a person other than an affiliate of the Company of all or substantially all of the Company's assets (collectively, a "**Change of Control**"), the Company shall have the discretion, without the need for the agreement of any Optionee, to accelerate the Expiry Dates and/or any applicable vesting provisions of all Options, as it shall see fit. The Company may accelerate one or more Optionee's Expiry Dates and/or vesting requirements without accelerating the Expiry Dates and/or vesting requirements of all Options and may accelerate the Expiry Date and/or vesting requirements of only a portion of an Optionee's Options. [An acceleration of the Expiry Date of persons providing investor relations activities shall remain subject to the provisions of paragraph 5 \(a\).](#)

**8. AMALGAMATION, CONSOLIDATION OR MERGER:** In the event that the Company is a consenting party to a Change of Control, outstanding Options shall be subject to the agreement effecting such Change of Control and Optionees shall be bound by such Change of Control agreement. Such agreement, without the Optionees' consent, may provide for:

- (a) the continuation of such outstanding Options by the Company (if the Company is the surviving or acquiring corporation);
- (b) the assumption of the Plan and such outstanding Options by the surviving entity; or
- (c) the substitution or replacement by the surviving or acquiring corporation or its parent of options with substantially the same terms for such outstanding Options.

The Company may provide in any agreement with respect to any such Change of Control that the surviving, new or acquiring corporation shall grant options to the Optionees to acquire shares in such corporation or its parent with respect to which the excess of the fair market value of the shares of such corporation immediately after the consummation of such Change of Control over the exercise price therefore shall not be less than the excess of the value of the common shares over the Exercise Price of the Options immediately prior to the consummation of such Change of Control.

**9. APPROVALS:** The obligation of the Company to issue and deliver the common shares in accordance with the Plan is subject to any approvals which may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If any common shares cannot be issued to any Optionee for whatever reason, the obligation of the Company to issue such common shares shall terminate and any Option exercise price paid to the Company will be returned to the Optionee.

**10. STOCK EXCHANGE RULES:** The rules of any stock exchange upon which the Company's common shares are listed shall be applicable relative to Options granted to Optionees.

**11. AMENDMENT AND DISCONTINUANCE OF PLAN:** Subject to regulatory approval, the Board of Directors may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time provided however that no such right may, without the consent of the Optionee, in any manner adversely affect the rights of the Optionee under any Option theretofore granted under the Plan.

~~**12. PRIOR SHAREHOLDER APPROVAL:** The number of shares subject to option in Section 3 and the provisions of Section 5(b) were approved by the requisite majority of disinterested shareholders at the annual and special meeting of shareholder held on June 28, 1996. All subsequent amendments to the Plan were approved by shareholders as required. The number of shares reserved under the Plan was increase pursuant to shareholder approval received on September 12, 2012.~~

~~**13. EFFECTIVE DATE AND DURATION OF PLAN:** The Plan shall remain in full force and effect from the date of shareholder approval hereof and from year to year thereafter until amended or terminated in accordance with Section 11 hereof and for so long thereafter as Options remain outstanding in favour of any Optionee.~~

~~**14.12. EXTENSION OF EXPIRY DATE DURING BLACKOUT PERIOD:** The expiry date of an Option will be extended automatically without shareholder approval where such expiry date occurs within a Blackout Period ~~or within ten (10) days from the end of a Blackout Period~~ and the new expiry date shall be the 10th ~~day~~ Business Day following the end of the relevant Blackout Period ~~(or if the 10<sup>th</sup> day following the end of the relevant Blackout Period is not a Business Day, on the first Business Day immediately following such day)~~. For greater clarity, any Option that has an expiry date that occurs within ten (10) Business Days from the end of a Blackout Period shall not be extended and shall expire if unexercised by the original expiry date. For the purposes of the Plan “Business Day” means any day other than a Saturday, Sunday or a day that is treated as a holiday at the ~~Corporation’s~~ Company’s principal executive offices in Toronto, Ontario, Canada.~~

~~For the purposes of the Plan “Blackout Period” means any period during which a policy of the Company prevents Optionees of the Company from trading in securities of the Company, including the exercise of the Options. The Blackout Period must be formally imposed by the Company pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information. The Blackout Period must expire upon the general disclosure of the undisclosed Material Information or upon such Material Information ceasing to be material or applicable.~~

~~**13. EFFECTIVE DATE AND DURATION OF PLAN:** The Plan shall remain in full force and effect from the date of shareholder approval hereof and from year to year thereafter until amended or terminated in accordance with Paragraph 11 hereof and for so long thereafter as Options remain outstanding in favour of any Optionee.~~

~~**15.14. REPLACEMENT OF PREVIOUS PLAN:** ~~The~~This Plan replaces and supersedes the ~~2010~~2017 Plan ~~approved by the shareholders of the Company on March 11, 2010.~~~~