ZTEST ELECTRONICS INC.
1305 MATHESON BLVD. EAST
MISSISSAUGA, ONTARIO
L4W 1R1

VIA SEDAR

Ontario Securities Commission
19th Floor, 20 Queen Street West
Toronto, Ontario M5H 3S8
Attention: Continuous Disclosure

British Columbia Securities Commission
12th Floor, Pacific Centre, 701 W. Georgia St.
Vancouver, B.C. V7Y 1L2
Attention: Continuous Disclosure

Alberta Securities Commission
10025 Jasper Avenue
Edmonton, Alberta
T5J 3Z5
Attention: Continuous Disclosure

Canadian Venture Exchange
Suite 600, 6th Floor
130 King Street West
Toronto, Ontario M5X 1J2
Attention: Market Operations

Dear Sirs/Mesdames:

RE: Material Change Report
Ontario Securities Act. Sec. 75 (2)

1. The name of the Reporting Issuer is **ZTEST Electronics Inc.** ("ZTEST" or the "Company") whose principal office is at 1305 Matheson Blvd. East, Mississauga, Ontario, L4W 1R1.

2. The material changes occurred on August 29, 2001 and September 4, 2001.

3. Press Releases were published at Toronto on the Canadian Corporate News Inc. newswire on August 29, 2001 and September 4, 2001.

4. On August 29, 2001, ZTEST announced that it was offering up to $600,000 in Convertible Debentures to arm's-length and non-arm's-length parties.

   On September 4, 2001, ZTEST announced that it had entered into negotiations to acquire the remaining outstanding shares of Permatech Electronics Corp. ("Permatech").

5. **Convertible Debenture Financing**

   The Debentures will bear interest at the rate of 10.50% per annum payable monthly in arrears and will have a two (2) year term. Each Debenture will be convertible into Units of ZTEST on the basis of one (1) Unit for each $0.11 of principal amount converted. Each Unit will consist of one (1) common share of ZTEST priced at $0.11 per share and one (1) share purchase warrant exercisable at a price of $0.11 until the second anniversary of the conversion of the debenture. The funds from the financing will be used to provide working capital for ZTEST. The financing is expected to close upon the receipt of conditional approval from the Canadian Venture Exchange.

   Acquisition of remaining outstanding shares of Permatech

   On August 16, 2001, ZTEST announced that it had acquired 60% of the outstanding common shares of Permatech for cash. ZTEST intends to issue up to 7,139,429 common shares of ZTEST to acquire the remaining interest in Permatech. John Perreault, the President, director and shareholder of Permatech will receive approximately 5,375,247 common shares of ZTEST as a result of this transaction. Mr. Perreault is not otherwise an officer, director or shareholder of ZTEST. No other shareholder of Permatech is a related party. For the purposes of this acquisition, and subject to regulatory approval, Permatech will be valued at 1.25 times its total sales for the twelve month period commencing on October 1, 2000 and ending September 30, 2001 less liabilities at closing. The estimated value of Permatech is currently $1,678,193. Shareholders of Permatech will receive one (1) common share of ZTEST for every $0.11 of value attributed to their shares on the closing of the acquisition. The terms of the acquisition were the result of arm's length negotiations between Mr. Perreault and ZTEST. As a result of this transaction, Mr. Perreault may own up to 18.8% of ZTEST's outstanding capital. No finder's fee is being paid in connection with this transaction.

The above transaction is subject to the disclosure requirements of Ontario Securities Commission Rule 61-501 (the "Rule") as the transaction comes within the definition of a related party transaction contained in the Rule. However, the transaction is exempt from the valuation and minority shareholder approval requirements of the Rule by virtue of the exemptions contained in sections 5.6(2) and 5.8(2) of the Rule as the value of the consideration being paid to Mr. Perreault does not exceed 25% of ZTEST's market capitalization. The value of Mr. Perreault's consideration will be $591,277 and ZTEST's market capitalization is currently $2,604,506, 25% of which is $651,126.

The above transaction is subject to regulatory and shareholder approval.

Permatech is an ISO9002 certified contract manufacturer in the electronic industry. It provides full surface mount and through-hole capacity and it well positioned to service customers with small to medium quantity requirements.

6. This report is <u>not</u> being filed on a confidential basis in reliance on subsection 75(3) of the Ontario Securities Act.

7. No information has been omitted because it is believed it should remain confidential.

8. For further information, please contact Mr. James E. Lalonde, Manager, Corporate Development, at (905) 238-3543 or visit our website at http://www.ztest.com.

9. The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario this 5th day of September, 2001.

"William R. Johnstone"

WILLIAM R. JOHNSTONE
Secretary

F:\WPDOC\PUBLIC\MCR\ZTEST Permatech sep01.wpd