ATI AIRTEST TECHNOLOGIES INC.

Management Discussion and Analysis

For the quarter ended June 30, 2016

This Management Discussion and Analysis of ATI AirTest Technologies Inc. (the "Company") provides analysis of the Company's financial results for the quarter ended June 30, 2016. The following information should be read in conjunction with the accompanying unaudited financial statements and the notes to the unaudited financial statements for the quarter ended June 30, 2016.

1.1 Date of the Report

August 29, 2016

1.2 Overall Performance

For the quarter ended June 30, 2016 the Company had an 0.3% increase in sales from the same period in 2015. The Company reported a net loss before Other Comprehensive Income, of $54,087 for the quarter ended June 30, 2016 which was 15.0% less than the $63,600 operating loss reported for the quarter ended June 30, 2015.

The Company's working capital deficiency increased from $1,620,728 as at December 31, 2015 to $1,777,838 as at June 30, 2016.

In the 3rd quarter of this year, the Company has been in negotiations to conclude a more significant long term financing that will finance our growth and also enable the Company to aggressively pursue its business plan, which includes the marketing of several new wireless products led by the WiFi Carbon Dioxide sensor developed for the DCV market. There has been a pent up demand for a wireless CO2 product and the Company has developed a unique package of WiFi based products that includes a tested and proven WiFi CO2/Temp sensor/transmitter. We have also introduced our new TR9277-EO wireless CO2 sensor that is powered by ambient light, to be sold to EnOcean Alliance companies. AirTest has exclusive global marketing rights for both these new products.

One risk that could have a negative impact on the Company relates to the two strong product lines being imported from Sweden and Austria respectively. The ability for the Company to be price competitive in the North American market and still enjoy healthy gross margins for these two product lines is dependent on the US dollar holding or improving on its current exchange level with the Euro. A downward shift of 10% or less will have little effect on the Company's performance.

1.3 Selected Annual Information

Fiscal Year	**2015**	**2014**	**2013**
Net Sales	$3,140,486	$3,111,052	$2,681,844
Net and Comprehensive Gain/(Loss)	$(478,550)	$ 360,088	$(691,265)
Basic and diluted loss/share	$ 0.01	$ 0.03	$ (0.02)
Total Assets	$ 758,817	$ 822,680	$ 780,036
Total Long Term Liabilities	$1,438,284	$1,145,000	$ NIL
Cash dividends per common share	N/A	N/A	N/A

1.4 Results of Operations

Revenue

Sales for the second quarter of 2016 totaled $741,012, up $2,562 or 0.3% above sales for the second quarter of 2015 of $738,450.

Gross Profit

Gross Profit on sales amounted to $339,668 in the second quarter of 2016 compared to $280,365 in the second quarter of 2015, an increase of $59,303 or 21.2%. Gross margin as a percentage of sales increased by 7.8% from 2015 second quarter numbers. This increase is attributable to two factors, first the strengthening of the US dollar against both the Canadian dollar and the Euro, and secondly a change in the sales mix with our lowest margin product line falling off as a % of our overall sales, and our highest margin product line getting the best growth for the period.

Expenses

Total expenses for the second quarter of 2016 were $393,755 compared to $343,965 for the second quarter of 2015, an increase of $49,790 or 14.5% over the same period in 2015. Of this increase, $41,682 is due to increased financing costs.

Profit & Loss

The Company recorded a net loss of $54,087 for the quarter ended June 30, 2016 as compared to a net loss of $63,600 for the same period in 2015.

The Company's new wireless sensors, RTUiLink package, and chiller monitoring package are just moving into the market and will stimulate abnormal growth commencing in the second half of 2016. The new low power CO2 sensor line will also meet some niche market applications and will complement the Company's existing CO2 sensor offering. The key to executing the Company's plan for growth will be its ability to finance that growth.

1.5 Summary of Quarterly Results

	2016		2015				2014	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net Sales	$741,012	$591,769	$690,355	$664,992	$738,450	$1,046,685	$880,044	$671,354
Loss	$ 54,087	$102,979	$261,927	$126,395	$ 63,600	$ 26,628	$ 7,843	$ 63,791
Basic and diluted loss per share	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00

1.6 Liquidity

The Company was unable to complete its attempted debt financing in the third quarter of 2015. Therefore management had to resort to a couple of small short term loans to assist with peak cash demand periods. At this time management is taking advantage of the current new technology sales to put the Company back in position for a substantial equity financing provided it can be completed without undue dilution to the Company's existing shareholders. The financing will have to be strong enough to provide working capital that will enable management to execute their marketing plan, to cover our anticipated growth, and also to finance some important product development projects that will also have a positive impact on future revenues.

1.7 Capital Resources

The Company has no commitments for capital expenditures as of the end of the second quarter of 2016. Capital will be required for growth, and for completion of several in-house product development projects. The necessary capital will be put in place through an equity financing currently being pursued.

1.8 Off-Balance Sheet Arrangements

As of June 30, 2016, the Company had no material off-balance sheet arrangements.

1.9 Transactions with Related Parties

(a) During the second quarter of 2016, the Company paid or accrued no salaries to directors and officers (2015 - $9,000).

(b) At June 30, 2016, $179,666 is payable to directors and officers for accrued services and advances.

Amounts becoming due to related parties in the normal course of operations, except where specifically stated, are non-interest bearing, unsecured, and without terms of repayment.

1.10 Proposed Transactions

There are currently no proposed transactions by the Company.

1.11 Changes in Accounting Policies including Initial Adoption

January 1, 2010 was the date of transition to IFRS (Transition Date). Previously, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles (“Canadian GAAP”)

1.12 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, accounts receivable, an asset-based loan, shareholder loans, advances from related parties, accounts payable and accrued liabilities.

The asset-based loan from Pivot Financial Inc. in Toronto is secured by the Company's accounts receivable. Both the shareholder loan and the advances from related parties have been advanced to the company from significant shareholders, therefore Company management is of the opinion that there is limited risk exposure with regard to these two financial instruments.

Because a high percentage of the Company's sales are made in United States, and also because the Company has three important suppliers based in Europe, there is an element of risk related to any large fluctuation in the relationship between the Euro, the Canadian dollar and the US dollar.

1.13 Share Data

The number of common shares issued and outstanding as of the date of this filing is 34,705,581.

1.14 Evaluation and Effectiveness of Disclosure Controls and Procedures

Under National Instrument 52-109 management is now required to certify that they have caused the company to design suitable controls over external disclosure and financial reporting. Management must also undertake reviews of the effectiveness of such controls and discuss areas of significant weakness and the associated risks as well as their plans to address them.

The company has not had sufficient financial resources to maintain dedicated internal financial reporting and qualified professional accounting personnel. Accordingly, financial reporting controls and internal transaction controls are designed and provided primarily by management with limited involvement from external consultants and professionals. This approach has been determined by management to be the most cost effective to date.

Management and the audit committee have discussed and identified areas that need to be improved as the company expands its scope of operations and strives to meet current market and regulatory expectations relating to the effectiveness of controls.

When control weaknesses are identified there is increased risk of release of inappropriate disclosures. There is also increased risk of misstatement in financial reporting through errors, omissions or fraudulent activity that could occur and go undetected. The Company intends to direct additional resources to improving identified deficiencies and improve the overall control environment and governance processes within the company where deemed required.

The Company recognizes that its existing control measures do not comply with a recognized internal control framework such as COSO. The Company believes such a framework is not viable at this time due to the limited number of personnel, volume of transactions, and lack of financial resources.

1.15 Risks and Uncertainties

The Company operates in a competitive market. The Company needs to deliver high quality, cost effective, components to market and meet the timelines required by customers. The Company must develop next generation components to satisfy the future needs of their customers. Should the Company be unable to continue to improve and update their product offering, this would have a negative impact on future growth.

The Company currently has limited working capital and incurs significant expenses on an on-going basis in its operations, which represents a significant risk factor. The Company will require additional financing to carry on its business, which financing may not be available when needed.

The Company does not have significant environmental risk.