Omni-Lite Industries Canada Inc.
For the year ended December 31, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis ("MD&A") of financial condition and results of operations should be read in conjunction with the audited consolidated financial statements and the related notes of Omni-Lite Industries Canada Inc. for the years ended December 31, 2013 and December 31, 2012. Omni-Lite Industries Canada Inc. ("Omni-Lite" or the "Company") reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB. The Company's functional currency is in United States ("US") dollars and all amounts in this MD&A are expressed in US dollars. This discussion has been completed as of April 15, 2013.

Company Overview

Omni-Lite Industries Canada Inc. is a world recognized research and development company specializing in the manufacture of precision components forged from advanced composite and other alloyed materials. These components are produced utilizing computer-controlled cold forging systems that are networked to provide an optimal environment for engineering enhancements, leading to maximum production efficiencies. These capabilities provide financial benefits such as high industry gross and net margins, and significant cash flow and EBITDA[(1)] ratios, which allow the Company to execute an ambitious growth strategy.

By combining its progressive cold forging techniques with a team of key design and material engineers, production technicians, marketing and administrative support personnel, Omni-Lite has been able to deliver components with the exacting criteria required by customers in a broad group of industries. The Company's mandate is to further leverage this unique mix of skills and competencies to achieve additional growth.

Omni-Lite is managed as a single business by the chief operating decision-makers. The Company operates five business segments defined as the Military, Aerospace, Sports and Recreation, Automotive and Commercial divisions. Through its wholly owned subsidiaries which include: Omni-Lite Industries International Inc., Omni-Lite Industries California Inc., Formed Fast International Inc., and Omni-Lite Properties Inc., the Company designs, engineers, manufactures, and markets specialized components to a broad spectrum of Fortune 500 customers. Its components are utilized in the products of Boeing, Airbus, Bombardier, the U.S. Military, Chrysler, Ford, Nike, and adidas. The requirements and stature of these customers necessitates that the Company operate at a very high level of engineering and production efficiency.

(1) "EBITDA" is a non-GAAP term which represents earnings or losses before net interest expense, income taxes, depreciation and amortization, and non-controlling interests. The MD&A presents certain non-GAAP (Canadian generally accepted accounting principles) financial measures to assist readers in understanding the Company's performance. Non-GAAP financial measures are measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with GAAP.

The distribution of revenue between the five business segments for the year ended December 31, 2013 is as follows:

Division/ Segments	Military	Aerospace	Sport & Recreation	Automotive	Commercial
December 31, 2013	2%	41%	18%	38%	1%

To ensure future growth, Omni-Lite is committed to funding the research and development for new products and materials and to apply for patents to protect the intellectual property that pertains to its business. To date, the Company has been granted seven U.S. Patents covering innovations in materials, processes, and design.

To gain access to new nanostructured materials and technical services being pioneered in this innovative industry, Omni-Lite invested in California Nanotechnologies Corp., a publicly listed company trading as "CNO" on the TSX Venture Exchange. Approximately 19 percent of outstanding shares of CNO are held by Omni-Lite.

Omni-Lite's overall strategy is to continue striving to be the best in the progressive cold forging business. To carry out this strategy, following on the success of the Vision 2010 Plan, the Board of Directors approved the Vision 2015 Plan in 2009, which is summarized below:

Vision 2015 Plan

- Create superior shareholder value through development of quality products, financial discipline, and investment
- Sales growth of 20 percent to 25 percent per year
- Commission 36 Progressive cold forging systems and four Single die systems
- Maintain research and development efforts for future initiatives
- Continual update of ancillary systems to support production and quality
- Procure integrated 60,000 to 80,000 sq. ft. facility
- Growth and retention of highly skilled workforce and management
- Commit to maintaining the environment through waste reduction, energy conservation, and recycling.

Outlook

In 2014, Omni-Lite will continue to focus on building revenue in the aerospace and specialty automotive segments through on-going product development. The Aerospace division is experiencing growth due to a cyclical resurgence in the aerospace industry and a focus on some of the components that the Company manufacture for composite aircraft. The Specialty Automotive division is growing primarily due to an emphasis on new components focusing on "green" technology for diesel engines. With the "Vision 2015" strategy, Omni-Lite has completed the purchase of 36 cold forging systems and will complete the commissioning of these systems as production requirements grow.

Selected Annual Consolidated Financial Information

All figures are in US dollars except as noted.

Basic Weighted Average Shares Issued And Outstanding : 12,228,094	**For the year ended December 31, 2013**	**For the year ended December 31, 2012**	**For the year ended December 31, 2011**	**For the year ended December 31, 2010**
Revenue	$5,301,035	$5,370,534	$6,514,083	$7,120,813
Net Income	137,949	210,448	1,958,656	1,820,072
EPS (US)	0.01	0.02	0.15	0.18
EPS (CAD)	0.01	0.02	0.15	0.18
Total Assets	22,336,473	22,506,999	24,380,299	19,240,986
Long term debt	300,000	923,781	1,639,213	2,787,504

Results from Operations

Revenue: For the year ended December 31, 2013, Omni-Lite reported revenue of $5,301,035 ($5,669,086 CAD), a decrease of 1 percent from the prior year in 2012.

The Aerospace division represented the largest portion of sales with 41 percent of revenue. Sales in this division were higher by 9 percent when compared to the year ended December 31, 2012. The Automotive division contributed 38 percent of revenue, a 14 percent increase from 2012. The Military division contributed 2 percent of revenue, a decrease of 56 percent from the same year in 2012. The Sports and Recreation division contributed 18 percent of revenue, a 23 percent decrease from 2012. The Commercial division provided 1 percent of the revenue.

Sales by division and by geographic location are summarized below:

Division/ Segments	**Military**	**Aerospace**	**Sport & Recreation**	**Automotive**	**Commercial**
2013	2%	41%	18%	38%	1%
2012	4%	37%	24%	33%	2%

Geographic allocation	**United States**	**Canada**	**Barbados**
2013	84%	-	16%
2012	79%	-	21%

Net Income: Net income was $137,949 ($147,527 CAD) versus $210,448 in 2012, a decrease of 34 percent which was primarily due to decreases in Military division revenue and in other income categories. Another contributing factor to the decrease in income was that several new products that were expected to be completed continued to experience technical issues delaying completion.

Cost of Goods Sold: Cost of Goods Sold ("COGS") decreased 0.5 percent from $2,398,975 in 2012 to $2,389,251 in 2013. Gross margins slightly increased to 55 percent in 2013 due to consistent production and sales within segments as the prior year. New procedures have been developed to improve production yield and certain detection systems continue to be investigated to mitigate yield reduction.

Operating Expenses: Total operating expenses increased by 2 percent from the prior year. Interest expense of $19,529 was incurred, a decrease of 52 percent compared to 2012 due to the near complete reduction of long term debt utilizing cash flows. The Company will continue to pay down the one remaining loan in full in 2014.

Research and product design ("R&D") expense was $99,686, a decrease of 12 percent. The Company continued to fund and increase R&D efforts as it is anticipated that new business will emerge from these activities.

Current income tax expense decreased to $9,767 from $11,885 in the prior year due to less income. Deferred tax increased to ($214,950) from ($569,458) due to the inventory write-off in the prior year affecting unused tax losses carried forward to future years. Deferred tax expense is an accounting principle that deals with the effect of temporary tax-to-book differences in the depreciation of equipment. For a capital-intensive company, such as Omni-Lite, these accounting considerations can have significant effects on cash flow.

Earnings per share: Basic earnings per share were $0.01 ($0.01 CAD) compared to $0.02 ($0.02 CAD) in 2012 based on the weighted average shares outstanding of 12,228,094 and 12,720,976 in 2012. Actual shares outstanding were 12,212,932. The weighted average number of shares decreased approximately 4 percent over the prior year.

The diluted earnings per share were $0.01 ($0.01 CAD) compared to $0.02 ($0.02 CAD) in 2012. At December 31, 2013, the diluted weighted average number of shares was 12,302,994. 414,333 (2012 – 379,679) options were excluded in calculating the weighted-average number of diluted common shares outstanding, because their exercise price was greater than the annual average common share market price in the year.

Basic earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if options and warrants to issue common shares were exercised. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments, in accordance with standards approved by the Canadian Institute of Chartered Accountants.

SUMMARY OF FINANCIAL HIGHLIGHTS (US $)

All figures in US dollars unless noted.

Basic Weighted Average Shares Issued And Outstanding: 12,228,094	**For the year ended December 31, 2013**	**For the year ended December 31, 2012**	**% Increase (Decrease)**
Revenue	$5,301,035	$5,370,534	(1%)
Cash flow from operations[(2)]	988,936	1,025,164	(4%)
Net Income	137,949	210,448	(34%)
EPS (US)	0.01	0.02	(32%)
EPS (CAD)	0.01	0.02	(28%)

(Note: at 12/31/12, $1US = $1.06943 CAD; 12/31/12, $1US = $0.9969 CAD)

(2) Cash flow from operations is a non-GAAP term requested by the oil and gas investment community that represents net earnings adjusted for non-cash items including depreciation, depletion and amortization, deferred taxes, asset write-downs and gains (losses) on sale of assets, if any.

Quarterly Information

The following table summarizes the Company's financial performance over the last eight quarters. All figures in US dollars unless noted.

ALL FIGURES IN US DOLLARS UNLESS NOTED

	Dec 31/2013	Sep 30/2013	Jun 30/2013	Mar 31/2013	Dec 31/2012	Sep 30/2012	Jun 30/2012	Mar 31/2012
Revenue	1,182,752	1,667,030	1,395,314	1,055,939	1,090,939	1,525,127	1,386,824	1,367,644
Cash Flow from Operations[(2)]	53,130	512,102	342,092	81,612	(18,952)	407,355	313,234	323,527
Net Income (Loss)	(254,297)	316,596	136,479	(60,829)	(173,132)	140,134	179,903	63,543
E(L)PS - basic (US)	(.021)	.026	.011	(.005)	(.013)	.011	.014	.005
E(L)PS - basic (CAD)	(.022)	.027	.012	(.005)	(.014)	.011	.014	.005
E(L)PS - diluted (US)	(.021)	.026	.011	(.005)	(.014)	.011	.014	.005
E(L)PS - diluted (CAD)	(.022)	.027	.012	(.005)	(.014)	.011	.014	.005

(2) Cash flow from operations is a non-GAAP term requested by the oil and gas investment community that represents net earnings adjusted for non-cash items including depreciation, depletion and amortization, deferred taxes, asset write-downs and gains (losses) on sale of assets, if any.

In the fourth quarter of 2013, revenue was $1,182,752 ($1,264,870 CAD), an increase of 8 percent over the same period in 2012. Net loss was $254,297 ($271,953 CAD) versus a loss of $173,132 in 2012.

Liquidity and Capital Resources

The following table summarizes the Company's cash flows by activity and cash on hand:

	Dec 31/2013	Dec 31/2012
Net cash from operating activities	$ 782,126	$ 1,349,096
Net cash used in financing activities	(833,239)	(2,532,108)
Net cash used in investing activities	(769,705)	(1,302,224)
Net decrease in cash	(820,818)	(2,485,236)
Cash at the beginning of the year	2,745,856	5,231,092
Cash at the end of the year	1,925,038	2,745,856

At December 31, 2013, the single source of liquidity was cash from operating activities and these amounts were used along with the beginning cash balances for equipment purchases and repayment of debt in executing the Vision 2015 plan. At the period end, the Company's working capital (current assets – current liabilities) was $4,763,111.

A comparison between total current assets divided by total current liabilities shows that at December 31, 2013 the current ratio[(3)] was 6.65x compared to 4.87x at December 31, 2012. Debt ratio[(3)] ((Current liability + Total long-term debt)/Total Assets) reduced to 0.04x in 2013 compared to 0.06x in 2012. The Company is able to meet its debt service.

(3) Non-GAAP measure - certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under Canadian GAAP and, therefore, are considered non-GAAP measures. These measures are described and presented in order to provide shareholders and potential investors with additional information regarding the Corporation's financial results, liquidity and its ability to generate funds to finance its operations. These measures are identified and presented, where appropriate, together with reconciliations to the equivalent GAAP measure. However, they should not be used as an alternative to GAAP because they may not be consistent with calculations of other companies.

Cash flow from operating activities decreased to $782,126.

Cash flow used in financing activities was $833,239.

Cash flow used in investing activities was $769,705.

The Company's liquidity needs can be met through a variety of sources including cash on hand, cash provided by operations, short borrowings from our credit line, and long term debt securitized by real estate and equipment. At December 31, 2013, Omni-Lite had $1,200,000 of available credit on the primary credit facility.

The terms of the long-term primary credit facility requires that certain measurable covenants be met. At December 31, 2013, the Company has met these covenants, with the exception of the debt service coverage ratio which was waived by the lender subsequent to the report date.

Capital Disclosures

The objective for managing the Company's capital structure is to ensure that the Company has the financial capacity, liquidity and flexibility to fund expansion projects and product development efforts. The Company generally relies on operating cash flows to fund expansion and product development. However, given the long cycle time of some of the development projects, which require significant capital investment prior to cash flow generation; it is not unusual for capital expenditures to exceed cash flow from operating activities in any given year. The Company's financing needs depend on the timing of expected net cash flows from new products and sales of current products. This requires the Company to maintain financial flexibility and liquidity. The Company's capital management policies are aimed at:

> Maintaining an appropriate balance between short-term borrowings, long-term debt and shareholders' equity; maintaining sufficient undrawn committed credit capacity to provide liquidity; ensuring ample covenant room permitting it to draw down credit lines as required; and ensuring the Company maintains a credit rating that is appropriate for their circumstances.

As a capital equipment-intensive company, Omni-Lite's management will continue to measure the performance of the Company by the metrics of Cash Flow from Operations and EBITDA(1). The calculation of EBITDA(1) on a 12-month rolling basis is set out in the following table.

	December 31, 2013	December 31, 2012
Net Income	$ 137,949	$ 210,448
Less:		
Gain on share purchase warrants	-	(134,972)
Add:		
Interest expense	19,529	40,941
Provision for income taxes	(205,183)	(557,573)
Write down of inventory	-	585,107
Amortization	967,032	869,159
EBITDA	$ 919,327	$ 1,013,110

(1) "EBITDA" is a non-GAAP term which represents earnings or losses before net interest expense, income taxes, depreciation and amortization, and non-controlling interests.

Risk Factors

Capability to Deliver Results

Omni-Lite's results are dependent on a number of factors including customer demand, market cycle, the Company's continued success in materials and production methods, foreign exchange rates, effective marketing, retention of expertise, and continued access to the financial markets.

Economic Factors

The Company's business and operating performance is subject to economic forces beyond its control, such as changes in consumer preferences, spending patterns, and general economic downturns.

Business Risk Factors

Other risks include those recognized by companies within the manufacturing sector and include,

1. **Market cycle** – The Company's revenues are dependent on market segments such as the aerospace, automotive, and defense sectors that may experience cyclical changes in demand. The Company minimizes its risk by diversifying its customer base.

2. **Better technology** – Improvements in materials and processing methods developed by others, which Omni-Lite does not adopt or license may provide other companies with a greater competitive edge. Omni-Lite strives to remain at the forefront of progressive cold forging by continuing to invest in research and development. As part of this strategy, Omni-Lite was the co-founder and remains a principal shareholder of California Nanotechnologies Corp. ("CNO"). CNO was established to undertake advanced nanotechnology and related material science research and to lead in future scientific and commercialization programs.

3. **Sales issues** – The Company's sales may not grow at the same rate historically shown. There may not be suitable projects identified for the Company to undertake.

4. **Raw material costs** – Supply and demand dictates the price of the raw materials utilized by Omni-Lite. Certain raw materials can only be obtained from a few suppliers. Delays or increased costs may be associated with obtaining these raw materials. Material costs are kept low by ordering economical lot sizes, but may increase if supplies become limited.

5. **Employee costs** - The cost of labour may increase, as competition for qualified employees in the Southern California area is generally strong. Labor costs are managed by including employees in the stock option and bonus plan and by increasing efficiency through advanced technology. The position of CEO does not receive a salary at this time and additional costs could be introduced if the current structure is changed, a factor, which could affect net earnings.

6. **Key personnel** - The success of the Company and its ability to continue to carry on operations is dependent upon its ability to retain the services of certain key employees and members of its board of directors. The loss of their services to the Company may have a materially adverse effect on the Company. The Company has a stock option plan for management and employees as a method of motivation and retaining key employees.

7. **Quality issues** – The Company is ISO 9001:2008 registered and is working on obtaining ISO/TS 16949 certification. Delays in establishing compliance and registration in ISO/TS 16949 may cause delays in shipping or loss of business in the automotive division.

8. **One manufacturing facility** - If the Company suffered a loss to the facility due to catastrophe, its operations could be seriously harmed. The Company's facility is subject to catastrophic loss due to fire, flood, terrorism or other, natural or man-made disasters. In particular, due to its location, the facility could be subject to a severe loss caused by earthquake.

9. **Development efforts** – Many of the Company's products are complex and require a long development time before entering the production phase. Typical lead times may range from four months to eighteen months depending on the complexity of the component. The long lead-time may delay the profitability of the project.

10. **Political turmoil** – The Company's business dealings are international. Changes in governments or policies may cause delays or restrictions that may affect the operating results.

11. **Taxation matters** – As any Company, at times, certain tax strategies could be challenged by local taxation authorities. Until the time frame for reassessment has been statute barred or the taxation authorities have reviewed and not objected to the tax filings, there is always the possibility that a reassessment can occur.

Asset Protection

As Omni-Lite grows in revenue, the Company becomes subject to increasing interest from corporations that would like to imitate the successes that have been achieved. The Company has and will continue to aggressively protect itself through a variety of means that include:

- Patent and trademark protection – The Company protects novel ideas and processes developed at Omni-Lite by filing with the U.S. Patent Office.
- Confidentiality agreements – These agreements prevent employees and third parties from sharing any information considered proprietary with unauthorized individuals or companies.

Of particular significance is the fact that Omni-Lite has received seven U.S. patents to date and applied for the eighth patent in the fourth quarter of 2012.

Financial Instruments

Financial instruments of the Company consist of cash, accounts receivable, due from related parties, investments, accounts payable and accrued liabilities, and current portion of long-term debt.

	December 31, 2013		**December 31, 2012**	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
At fair value through profit or loss				
Cash	**$ 1,925,038**	**$ 1,925,038**	$ 2,745,856	$ 2,745,856
Loans and receivable				
Accounts receivable	**1,034,045**	**1,034,045**	712,029	712,029
Due from related parties	**1,609,208**	**1,609,208**	1,448,071	1,448,071
Available for sale				
Investments	**274,802**	**274,802**	398,374	398,374
Other financial liabilities				
Accounts payable and accrued liabilities	**541,242**	**541,242**	297,942	297,942
Current debt	**300,000**	**300,000**	923,781	923,781

The table below sets out fair value measurements using the fair value hierarchy.

	Total	Level 1	Level 2	Level 3
Assets				
Cash	$ 1,925,038	$ 1,925,038	$ -	$ -
Investments	274,802	274,802	-	-

There have been no transfers during the year between Levels 1 and 2.

The carrying values of accounts receivable, accounts payable and accrued liabilities and current portion of long- term debt approximate their fair value due to their short-term nature.

The fair value of the Company's due from related parties approximate their fair values due to the interest rates applied to these instruments, which approximate market interest rates.

As disclosed in Note 2(q) of the consolidated financial statements, the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to interest rate risk, industry credit risk and market risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The Company does not use off statement of financial position contracts to manage these risks.

Interest rate risk

The Company's long-term credit facility is subject to floating rates. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates. As of December 31, 2013, the increase or decrease in income before taxes for each 1 percent change in interest rates on floating rate debt amounts to approximately $3,000 (December 31, 2012 - $9,238). The related disclosures regarding these debt instruments are included in Note 11 of the consolidated financial statements.

Foreign currency risk

A significant portion of the Company's operations are located outside of the United States and, accordingly, the related financial assets and liabilities are subject to fluctuations in exchange rates.

The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts and receivables to offset foreign currency payables and planned expenditures. The Company reports in its functional currency, the United States dollar. At December 31, 2013, the Company had the following balances denominated in Canadian dollars. The balances have been translated into United States currency in accordance with the Company's foreign exchange accounting policy.

	USD December 31, 2013	USD December 31, 2012
Cash	**$ 5,584**	$ (4,813)
Accounts payable	**79,647**	83,618

Omni-Lite operates with a U.S. dollar functional currency which gives rise to currency exchange rate risk on Omni-Lite's Canadian dollar denominated monetary assets and liabilities, such as Canadian dollar bank accounts and accounts payable, as follows:

	Impact on Net Income
U.S. Dollar Exchange Rate – 10% increase	**$ 7,406**
U.S. Dollar Exchange Rate – 10% decrease	**(7,406)**

Other Price Risk
The Company has financial instruments that may fluctuate in value as a result of changes in market price. The Company has an investment in shares of California Nanotechnologies Corp. This investment is recorded on the statement of financial position at fair value as of the statement of financial position date for the shares.

Liquidity Risk
The Company is exposed to liquidity risk due to the borrowings under the credit facilities. This risk is mitigated by complying with the covenants and managing the cash flow by controlling receivables and payables.

The following table provides an analysis of the financial liabilities based on the remaining terms of the liabilities as at December 31, 2013:

	≤ 1 year	> 1 year ≤ 3 years	> 3 year ≤ 4 years	> 5 years	Total
Accounts payable and accrued liabilities	$ 541,242	$ -	$ -	$ -	$ 541,242
Current debt	300,000	-	-	-	300,000
Total	$ 841,242	$ -	$ -	$ -	$ 841,242

The bank loans may be prepaid in whole or in part at any time without penalty.

Credit Risk
The Company manages credit risk by dealing with financially sound customers, based on an evaluation of the customer's financial condition. For the year ended December 31, 2013, the Company was engaged in contracts for products with four (December 31, 2012 – three) customers in excess of 10% of revenue, which accounted for $3,737,797 (December 31, 2012 - $2,822,515) or 71% (December 31, 2012 – 53%) of the Company's total revenue. During the same period, export sales to two (December 31, 2012 – two) customers in various international countries (outside of the United States) amounted to $752,780 (December 31, 2012 - $897,365) or 14% (December 31, 2012 – 17%) of the Company's total revenue. The maximum exposure to credit risk is the carrying value of account receivable. The table below provides an analysis of the age of our past due accounts receivables which are not considered impaired.

Total	**Current**	**≤ 30 days**	**> 30 days ≤ 60 days**	**60 days ≤ 90 days**	**> 90 days**
$ 1,034,045	$ 527,667	$ 330,365	$ 159,513	$ 16,500	$ -

Outstanding Share Capital

As at April 15, 2014:

- 12,141,432 Common Shares issued and outstanding
- Stock options:

Description		Number
Options outstanding at December 31, 2013		1,097,679
Options	- granted	-
	- exercised	-
	- forfeited	3,334
	- expired	-
Options outstanding at April 15, 2014		1,094,345
Options exercisable at April 15, 2014		507,677

Transactions with Related Parties

Due from related parties includes advances to a company under common management. An amount of $1,144,938 (December 31, 2012 - $1,111,149) is due from California Nanotechnologies Corp. bearing interest at 2% per annum and due on demand. The loan is secured by all the assets of California Nanotechnologies Inc. and by a security interest on a real estate asset of a related party.

For 2013 and 2012, the Company did not pay the Chief Executive Officer. It is management's estimate that the fair value annual salary would approximate $160,000 (2012 - $140,000). Due to the lack of independent evidence with respect to the fair value of these services, this transaction has been recorded at the carrying amount of $nil.

The Company has outstanding an unsecured interest free loan to two employees in the amount of $40,000 (December 31, 2012 - $20,000) related to the acquisition of property with maturity dates in 2016 and 2017. Another employee has received a loan related to the purchase of a hybrid/electric car under the Company's green incentives program in the amount of $5,000 with $1,000 forgiven annually for service time and a maturity date in 2018. Other employees have received unsecured interest free loans from the Company with amounts due totalling $23,986 (December 31, 2012 - $20,253), with a current portion of $17,577 (December 31, 2012 - $13,176), repayable in bi-weekly installments with maturity dates in 2013 and 2014. The Company has issued a loan due on demand to the Chief Executive Officer for $400,285 (December 31, 2012 - $276,669) at a 2% interest rate. The loan is secured by the related property.

Third Party Investor Relations Contracts

No third party investor relations arrangements have been made.

Board of Directors

The Company's three directors are material shareholders. Currently, there is one vacancy to be filled.

International Operations

In September 1997, Omni-Lite Industries Canada Inc. was established by the amalgamation of Omni-Lite Industries Inc. and Omni-Lite Industries Corp., which were both incorporated in Calgary, Alberta. To support the international scope of the market place, Omni-Lite has established two wholly owned subsidiaries in Barbados. These complement the production center in Cerritos, California. The Cerritos production center is located in the heart of Southern California's aerospace industry which facilitates access to customers, specialized equipment, materials, and workforce. The staff in Barbados is responsible for marketing, sales, and maintaining international markets for Omni-Lite's products.

The Company allocates its revenues between countries based on the location that has title to the contract. The Company has utilized and reported revenues based on the Company locations for each of these segments as follows:

December 31, 2013	**United States**	**Canada**	**Barbados**	**Inter-corporate elimination**	**Total**
Revenue	**$ 4,908,343**	**$ -**	**$ 838,454**	**$ (445,762)**	**$ 5,301,035**
Net income/(loss)	**(177,865)**	**(33,448)**	**349,262**	**-**	**137,949**

December 31, 2012	United States	Canada	Barbados	Inter-corporate elimination	Total
Revenue	$ 4,863,803	$ -	$ 1,149,211	$ (642,480)	$ 5,370,534
Net income	(382,675)	127,838	465,285	-	210,448

New accounting policies

On January 1, 2013, the Company adopted the following new standards and amendments that became effective for annual periods on or after January 1, 2013:

i. IFRS 10, "Consolidated Financial Statements," supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities". This standard provides a single model to be applied in control analysis for all investees including special purpose entities. The adoption of this standard had no impact on the amounts recorded in the Company's financial statements.

ii. IFRS 11, "Joint Arrangements," whereby joint arrangements are classified as either joint operations or joint ventures, each with their own accounting treatment. All joint arrangements are required to be reassessed on transition to IFRS 11 to determine their type to apply the appropriate accounting. The adoption of this standard had no impact on the amounts recorded in the Company's financial statements.

iii. IFRS 12, "Disclosure of Interest in Other Entities," combines the disclosure requirements for entities that have interest in subsidiaries, joint arrangements, and associates as well as unconsolidated structured entities. The adoption of this standard had no impact on the Company's financial statements.

iv. IFRS 13, “Fair Value Measurement,” establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The adoption of this standard had no material impact on the Company’s financial statements.

v. IFRS 7, "Financial Instruments: Disclosures" was amended to develop common disclosure requirements for financial assets and financial liabilities that are offset in the financial statements, or that are subject to enforceable master netting arrangements or similar agreements. The adoption of this amendment had no material impact on the Company's financial statements.

vi. IAS 1, "Presentation of Financial Statements" was amended to introduce new terminology for the statement of income (loss) and comprehensive income (loss). The amendments required the Company to group other comprehensive income (loss) items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to comprehensive loss or other comprehensive loss.

Future accounting policies

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and assessed that the following pronouncements are applicable to the Company:

As of January 1, 2014, the Company will be required to adopt amendments to IAS 36, “Impairment of Assets”. The amendments reduce the circumstances in which the recoverable amount of CGUs is required to be disclosed and clarifies the disclosures required when an impairment loss has been recognized or reversed in the period.

As of January 1, 2014, the Company will be required to adopt IFRS Interpretations Committee (“IFRIC”) 21 “Levies”. IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified in the relevant legislation, occurs.

IFRS 9 will replace the guidance of IAS 39, “Financial Instruments: Recognition and Measurement.” This standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans receivable. Financial assets will be classified into one of two categories: amortized cost or fair value.

Forward-looking statements

In the interest of providing Omni-Lite shareholders and potential investors with information regarding the Company and its subsidiaries, including Management’s assessment of Omni-Lite’s future plans and operations, certain statements contained in this document constitute forward-looking statements or information (collectively referred to herein as “forward-looking statements”) within the meaning of the “safe harbour” provisions of applicable securities legislation. Forward-looking statements are typically identified by words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “forecast”, “target”, “project” or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements in this document include, but are not limited to, statements with respect to: projections relating to the adequacy of the Company’s provision for taxes; the potential impact of implementation of Vision 2015 on Omni-Lite’s financial condition and projected 2014 capital investment. Although these “forward-looking” statements are based on currently available competitive, financial and economic data and operating plans, they are subject to risks and uncertainties. In addition to general global events outside the Company’s control, there are factors which could cause actual results, performance or achievements to vary from those expressed or inferred herein including risks associated with an investment in the common shares of the Company and the risks related to the Company's business. Risk factors are discussed in greater detail in the section on “Risk Factors” previously in this MD&A. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause the Company’s actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Furthermore, the forward-looking statements contained in this document are made as of the date of this document, and except as required by law Omni-Lite does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Intention of management’s discussion and analysis

This MD&A is intended to provide an explanation of financial and operational performance compared with prior periods and the Company’s prospects and plans. It provides additional information that is not contained in the Company’s consolidated financial statements.

Additional Omni-Lite documents filed with Canadian regulatory agencies

Further information regarding Omni-Lite Industries Canada Inc. can be accessed under the Company’s public filings found at www.sedar.com and on the Company’s website www.omni-lite.com.