Omni-Lite Industries Canada Inc.

MANAGEMENT DISCUSSION AND ANALYSIS (in $US)
For the Quarter Ended June 30, 2005

This management's discussion and analysis of financial condition and results of operations supplements the financial statements for the six months (Q2) ended June 30, 2005.

This MD&A contains forward-looking statements about Omni-Lite's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are forward-looking because they are based on our current expectations, estimates and assumptions about the markets we operate in, the American economic environment, our ability to attract and retain customers and to manage capital assets and operating costs. A forward-looking statement may include words such as anticipate, believe, could, expect, goal, intend, may, objective, plan, seek, strive, target, and will. Forward-looking statements in this MD&A describe our expectations on August 22, 2005. Our actual results could be materially different from what we expect if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate.

We have completed this discussion and analysis on August 22, 2005.

Revenue

For the six months ended June 30, 2005, Omni-Lite Industries Canada Inc. reported record revenues of $1,934,388 ($2,376,783 CDN), a 26% increase over the corresponding period in 2004. Sales in the Aerospace division were the strongest in the first half of 2005 representing 36% of revenues, up 108% over the same period in 2004. The growth in the Aerospace division reflects the increased demand for Omni-Lite's components. The favorable growth rates were offset by reductions of revenue in the Military and Automotive divisions of 8% and 13%, respectively. In the Military division, sales represent 24% of revenue and are expected to grow in the second half of 2005. The decline in revenue in the Automotive division reflects the phasing out of certain components which have been replaced by a new design which is also provided by Omni-Lite. The Sports and Recreation division showed growth of 60% over the first half of 2004 and this represented 23% of revenue.

Net Earnings

Net income for the first six months of 2005 was $681,968 ($837,934 CDN) or $0.07 ($0.09 CDN) per common share. This compares to net income of $487,329 or $0.06 per share in the first half of 2004, an increase of 40%.

General and administration costs now include rental and foreign exchange. The rental income is used to offset G&A expenses rather than being shown as an income item. The 2004 G&A expenses have been restated to reflect the reclassification.

Earnings per share were calculated using the weighted average shares outstanding of 9,614,276. Through the financing completed in February, 1,650,000 common shares were issued. As of June 30, 2005, there were 9,999,304 shares outstanding.

ALL FIGURES IN US DOLLARS UNLESS NOTED

SUMMARY OF FINANCIAL HIGHLIGHTS (US $)

Weighted Average Shares Issued And Outstanding: 9,614,276	**For the six months ended June 30, 2005**	**For the six months ended June 30, 2004**	**% Increase**
Revenue	$1,934,388	$1,536,943	26%
Cash flow from operations[1]	$903,053	$608,118	48%
Net Income	$681,968	$487,329	40%
EPS (US)	$0.07	$0.06	26%
EPS (CDN)	$0.09	$0.08	16%

(note: at 6/30/05, $1US = $1.2287 CDN; 6/30/04, $1US = $1.3453 CDN)

(1) 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, future income taxes, asset write-downs and gains (losses) on sale of assets, if any.

For the three months ended June 30, 2005, revenue was a new record for Omni-Lite at $1,010,728 ($1,241,881 CDN), an increase of 18%. Net income was $372,812 ($458,074 CDN), an increase of 68% over the same period in 2004. Cash flow from operations increased by 102% over the same period in 2004 to $474,129. The Aerospace division led sales in second quarter with 42% of the sales. The Military and Sports & Recreation divisions contributed 21% and 22% to second quarter revenue, respectively. The Automotive and Commercial divisions contributed the remaining 15% of sales.

ALL FIGURES IN US DOLLARS UNLESS NOTED

SUMMARY OF FINANCIAL HIGHLIGHTS (US $)

Weighted Average Shares Issued And Outstanding: 9,614,276	**For the three months ended June 30, 2005**	**For the three months ended June 30, 2004**	**% Increase**
Revenue	$1,010,728	$855,134	18%
Cash flow from operations[1]	$474,129	$234,235	102%
Net Income	$372,812	$221,547	68%
EPS (US)	$0.04	$0.03	52%
EPS (CDN)	$0.05	$0.03	39%

(note: at 6/30/05, $1US = $1.2287 CDN; 6/30/04, $1US = $1.3453 CDN)

(1) 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, future income taxes, asset write-downs and gains (losses) on sale of assets, if any.

Omni-Lite as a Business

Omni-Lite Industries is a developer and manufacturer of specialized products utilized by a wide range of customers. By combining advanced materials and precision computer-controlled cold forging techniques with a team of key design and material engineers, production technicians, marketing and administrative support personnel, Omni-Lite has risen to the forefront of technological development in progressive cold forging.

Omni-Lite Industries Canada Inc.'s common shares are publicly traded on the TSX Venture Exchange under the symbol "OML".

Omni-Lite's Markets

Omni-Lite's primary market is the development and manufacture of precision components utilized by many of the world's largest corporations. Omni-Lite's components were utilized in the products of Daimler-Chrysler, GM, Ford, Mazda, Nike, adidas, Reebok, Boeing, Airbus, Bombardier, the U.S. Army, and NATO. The requirements and stature of these customers necessitates that the Company operates at a very high level of engineering and production efficiency. Currently, revenues are received through five divisions: Automotive, Aerospace, Sports and Recreation, Military, and Commercial.

The majority of the growth has resulted from a combination of new components being developed and from increases in sales of existing components. Growth will continue to be strong as prototype components are approved and enter the production phase.

Growth Record

From the period of January 1998 to April 2000, Omni-Lite's manufacturing capability increased from two production systems to ten, thus allowing Omni-Lite to begin expanding into the automotive, aerospace, commercial, and military markets. During 2000, the Company commenced discussions towards purchasing a larger cold forging system. This equipment was purchased in February 2001, at very favorable pricing. The Company continued to execute its expansion plans in 2002 as Omni-Lite moved into the new production facilities and developed a world-class metallurgical laboratory. Then, the procurement of an additional five progressive forging systems for $1,420,000US was initiated. In March 2003, the company received final shipment of new cold forging systems, bringing the total number of machines to 16.

Growth Expectations

In 2005, Omni-Lite will continue its focus on building sales in all divisions. With the new facilities, technical services, and increased forging capabilities, Omni-Lite will be able to attract new business from the various market segments, mainly in aerospace and automotive. New projects have been initiated in each sales division and the sales department has aggressively pursued new opportunities in each division. The Company is targeting overall growth of 25% to 30% per year for the next five years.

Currently, there are number of growth opportunities for Omni-Lite. The management expects growth in the Military division as it is anticipated that sales for its components will increase as the U.S. Military replenishes its stockpile of munitions used in training and in conflicts. The

Aerospace division has benefited from the R&D initiated last year. It is expected that demand for existing and new components will continue to grow for the remainder of the year. The Automotive division has experienced a slowdown as a component has been phased out. It is anticipated that sales will increase in the latter part of 2005 as the new components are accepted for production use. Even though the Sports and Recreation division showed substantial growth in Q2, it is expected that total sales over the year in this division will remain relatively stable.

Risk Factors

Risk factors are substantially unchanged. Please refer to the 2004 annual report for disclosure.

Transactions with Related Parties

Due to related parties includes an amount of $ 144,986 that was repaid in February 2005. This amount was due to David F. Grant, a director and shareholder of the Company, which was unsecured, non-interest bearing and had no set terms of repayment. The money was loaned during periods when cash flow was tight and allowed the Company to operate without having to seek cash from external sources.

Third Party Investor Relations Contracts

No third party investor relations arrangements have been made.

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. The staff in Barbados is responsible for marketing, sales, and maintaining international markets for Omni-Lite's products. These complement the production center in Cerritos, California. The Cerritos facility is located in the heart of Southern California's aerospace industry. This allows for easy access to specialized equipment, materials, and workforce.

The Company allocates its revenues between countries based on 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:

June 30, 2005	United States	Canada	Barbados	Inter-corporate Elimination	Total
Revenues	$ 1,649,146	$ -	$ 411,642	$ (126,400)	$ 1,934,388
Property and Equipment	$ 6,514,593	$ 3,373	$ -	$ -	$ 6,517,966

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

	June 30, 2005	Mar 31, 2005	Dec 31, 2004	Sept 30, 2004	June 30, 2004	Mar 31, 2004	Dec 31, 2003	Sept 30, 2003
Revenue	1,010,728	923,660	709,803	906,909	855,134	681,809	735,845	866,866
Cash Flow from operations	454,129	428,924	319,717	304,637	234,235	373,883	119,652	419,167
Net Income	372,812	309,156	48,955	241,974	221,547	265,782	126,752	252,288
EPS(US)	.04	.03	.00	.03	.03	.03	.01	.03
EPS(CDN)	.05	.04	.00	.04	.03	.04	.01	.04

Omni-Lite's revenue tends to peak in the third quarter of each year coinciding with the seasonal increase in demand for products from the Sports and Recreation division. The traditionally low revenue periods in the first and fourth quarters have grown to provide a more balanced income stream throughout the year.

Liquidity and Capital Resources

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

	June 30/05	June 30/04
Net cash from operations	903,053	608,118
Net cash from (used in) financing activities	(229,441)	(74,985)
Net cash from (used in) investing activities	(135,116)	(16,017)
Net increase in cash (decrease)	252,796	(139,510)
Cash at the beginning of the period	66,347	196,764
Cash at the end of the period	319,143	57,254

Cash Flows and Liquidity

For Q2, the primary source of liquidity was cash from operations. The Company had cash holdings of $319,143. It is anticipated that internally generated cash flow, both in the short-term and long-term, will meet the on-going working capital requirements of Omni-Lite.

Cash flow generated by operating activities was $903,053. Accounts receivables remained high as of June 30, 2005, as a large portion of shipments were made late in the quarter. Most customers are paying within 60 days. Inventory continues to grow as the Company is stocking larger quantities of raw materials because of long lead times for delivery. The number of components stocked by the Company has also increased due to the just-in-time delivery requirements of major customers.

Financing activities decreased cash by $229,441. In January, a dividend of $0.02 CDN per share was paid to shareholders on record as of December 29, 2004. Net proceeds of $1,506,503 were received from the financing completed in February and were used to pay down credit facilities. On July 1, 2005, a cash dividend of $0.02 per common share was approved for distribution on July 31, 2005.

Cash used in investing activities were $135,116. The majority of the purchases was non-consumable tooling.

As the Company's sales continue to grow and become more balanced from quarter to quarter, the ability to meet working capital requirements has improved. A calculation between total current assets divided by total current liabilities shows that the current ratio has improved dramatically in the second quarter 2005 from the last quarter 2004. The ratio of 6.17 up from 1.36 indicates that the Company improved its ability to generate sufficient cash to meet on-going demands. The repayment of debt from the funds received from the financing contributed substantially to this improvement.

The information contained in this discussion may be considered to contain forward-looking statements. Such forward-looking statements address future events and conditions and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated. There is no representation by the Company that actual results will be the same in whole or in part as implied by the forward-looking statements provided.