Omni-Lite Industries Canada Inc.
For the Quarter Ended June 30, 2007

MANAGEMENT DISCUSSION AND ANALYSIS
(in $US)

The Management Discussion and Analysis ("MD&A") should be read in conjunction with the financial statements and related notes of Omni-Lite Industries Canada Inc. (the "Company") for the quarter ending June 30, 2007. The Company's reporting currency is in United States ("US") dollars and all amounts in this MD&A are expressed in US dollars. The Company reports its financial position, results of operations and cash flows in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). This discussion has been completed as of August 29, 2007.

Revenue

For the six months ended June 30, 2007, Omni-Lite Industries Canada Inc. reported record revenue of $3,037,035 ($3,217,131 CDN), a 30% increase over the corresponding period in 2006. Sales in the Military division represented 36% of revenue in the first six months. The Aerospace division represented 30% of the revenue. The Sports and Recreation division contributed 15% to revenue. The Automotive division brought in 15% of revenue. The remaining 4% of revenues are from the Commercial division.

Net Earnings

Net income for the first six months of 2007 was $860,274 ($911,288 CDN) or $0.08 ($0.08 CDN) per common share. This compares to net income of $718,254 or $0.07 per share in the first six months of 2006, an increase of 20%.

Earnings per share were calculated using the weighted average shares outstanding of 11,088,611. As of June 30, 2007, there were 11,084,254 shares outstanding. 100,000 shares were repurchased through the normal course issuer bid.

ALL FIGURES IN US DOLLARS UNLESS OTHERWISE NOTED

SUMMARY OF FINANCIAL HIGHLIGHTS (US $)

Weighted Average Shares Issued And Outstanding: 11,088,611	**For the six months ended June 30, 2007**	**For the six months ended June 30, 2006**	**% Increase (Decrease)**
Revenue	$3,037,035	$2,344,616	30%
Cash flow from operations[1]	$947,008	$1,156,099	(18%)
Net Income	$860,274	$718,254	20%
EBITDA	$1,383,602	1,026,245	35%
EPS (US)	$0.078	$0.068	15%

(note: at 6/30/07, $1US = $1.0593 CDN; 6/30/06, $1US = $1.1201 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, 2007, revenue was $1,403,839 ($1,487,086 CDN), an increase of 5%. Net income was $124,174 ($131,538 CDN), a decrease of 67% over the same period in 2006.

ALL FIGURES IN US DOLLARS UNLESS OTHERWISE NOTED

SUMMARY OF FINANCIAL HIGHLIGHTS (US $)

Weighted Average Shares Issued And Outstanding: 11,088,611	**For the three months ended June 30, 2007**	**For the three months ended June 30, 2006**	**% Increase (Decrease)**
Revenue	$1,403,839	$1,330,936	5%
Cash flow from operations[(1)]	$324,277	$654,887	(50%)
Net Income	$124,174	$377,435	(67%)
EPS (US)	$0.011	$0.036	(69%)

(note: at 6/30/07, $1US = $1.0593 CDN; 6/30/06, $1US = $1.1201 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 develops and manufactures 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 has been utilized in the products of Daimler-Chrysler, GM, 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 Company has seen a 30% growth in revenue from the first six months of 2007 over the first six months of 2006. Growth will continue to be strong as prototype components are approved and enter the production phase.

Growth Record

From the period January 1998 to April 2000, Omni-Lite's manufacturing capability increased from two production systems to ten allowing Omni-Lite to begin expanding into the automotive, aerospace, commercial, and the military fields. During 2000, the Company commenced discussions towards purchasing a larger cold forging system. This equipment with a retail price of over $520,000US was purchased in February 2001 for approximately $280,000US. The Company continued to execute its expansion plans in 2002 as Omni-Lite moved into the new production facilities and created a world-class metallurgical laboratory. The procurement of an additional five progressive forging systems for $1,420,000US was initiated. In March 2003, the Company received a shipment of new cold forging systems which brought the total number of machines to 16.
In 2006, Omni-Lite received two new progressive forging systems to be used for aerospace products, four smaller forging machines to be used for military products, and an automated inspection machine. In 2006 the company entered into agreements to purchase an additional 14 large progressive cold forging systems with a value over $6,500,000US. The first two of these large systems was delivered in March of 2007. An additional two systems are to be delivered on September 2007 and one additional system will be delivered in October 2007. Under the agreement the remaining systems will be delivered by 2010. When the final systems are delivered the company will have 32 large progressive cold forging systems and four smaller systems for a specialized military program. This build out represents a significant addition to the company's capabilities and has required significant additional investment in the tooling support system, laboratory, and employee training.

Growth Expectations

In 2007, Omni-Lite continued its focus on building sales in all of its business areas. Upon full implementation of the Vision 2010 plan, a larger facility will be required in 2 to 3 years to allow for the additional equipment purchased. Presently, extra office space at the current location is being converted to production space. Omni-Lite anticipates it will be able to attract new business from various market segments, including the aerospace, military, and automotive areas. The Company is targeting overall growth of 25% to 30% per year for the next three years.

Risk Factors

Risk factors are substantially unchanged. Please refer to the 2006 annual report for disclosure.

Transactions with Related Parties

For 2007 and 2006, the Company did not pay the Chief Executive Officer ("CEO") a salary for his role. It is management's estimate that the fair value of this salary would be $115,000 (2006 - $110,000). 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.

Due to related parties represents: an amount of $541,830 due to a shareholder of the Company, which is unsecured, non-interest bearing and has no set terms of repayment; an amount of $185,000 due to a shareholder and officer of the Company, which is unsecured bearing 7% interest; and an amount of $962,411 due to California Nanotechnologies Corp. which is unsecured bearing interest 7% interest.

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. 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 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:

June 30, 2007	United States	Canada	Barbados	Inter-corporate elimination	Total
Revenues	$ 2,845,567	$ -	$ 405,735	$ (214,267)	$ 3,037,035
Property, plant and equipment	$ 9,333,722	$ -	$ -	$ -	$ 9,333,722

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 OTHERWISE NOTED

	June 30/2007	Mar 31/2007	Dec 31/2006	Sept 30/2006	June 30/2006	Mar 31/2006	Dec 31/2005	Sept 30/2005
Revenue	1,403,839	1,633,196	838,509	1,823,936	1,330,936	1,013,680	1,092,705	1,332,953
Cash Flow from Operations(1)	324,277	622,731	(165,466)	500,283	654,887	501,212	424,607	634,018
Net Income	124,174	736,100	(150,122)	433,180	377,435	340,819	103,027	464,421
EPS(US)	.011	.066	(.014)	.040	.035	.032	.01	.05
EPS(CDN)	.012	.077	(.016)	.047	.040	.037	.01	.05

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. Revenues in the low periods of 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 30/07	June 30/06
Net cash from (used in) operations	947,008	1,156,099
Net cash from (used in) financing activities	564,358	1,161,430
Net cash from (used in) investing activities	(519,429)	(2,350,549)
Net increase (decrease) in cash	103,225	(416,351)
Cash at the beginning of the period	3,690	456,676
Cash at the end of the period	106,915	40,325

Cash Flows and Liquidity

For Q2, the primary source of liquidity was cash from operations and cash from financing. It is anticipated that internally generated cash flow in the Company, both in the short-term and long-term, will meet the ongoing working capital requirements of Omni-Lite.

Cash flow generated by operating activities was $947,008. 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 increased cash by $564,358. In January 2007, dividends of $0.02 CDN per share were paid to shareholders on record as of January 15, 2007. Cash in the amount of $220,415 was used to repurchase 100,000 shares under the normal course issuer bid.

Cash used in investing activities were $519,429. The funds were for equipment purchases and deposits on equipment. $153,992 was a reclassification of California Nanotechnologies Corp. resulting from the reverse takeover transaction of Veritek Technologies, Inc. by California Nanotechnologies, Inc.

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 is 0.79x. The ratio indicates that the Company improved its ability to generate sufficient cash to meet on-going demands.

Foreign Exchange: A 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 to offset foreign currency payables and planned expenditures. The Company reports in its functional currency, the United States dollar.

Off-Balance Sheet arrangements: The Company does not have any off-balance sheet arrangements.

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.