Omni-Lite Industries Canada Inc.
For the Period Ended June 30, 2008

MANAGEMENT DISCUSSION AND ANALYSIS ($US DOLLARS)

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited interim consolidated financial statements of Omni-Lite Industries Canada Inc. (the "Company") for the period ending June 30, 2008 and the audited consolidated financial statements and MD&A for the year ended December 31, 2007. Readers should also read the "Forward-Looking Statements" legal advisory contained at the end of this document.

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, 2008.

A. Company Overview

Founded in September 1992, Omni-Lite Industries is considered one of the world's leading developers and manufacturers of precision components utilizing advanced composite materials and computer-controlled cold forging techniques.

One of Omni-Lite's early successes included the application of metal matrix composites in the sports and recreation industry. 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 meet the exacting criteria required by customers in a broad group of industries including the Aerospace, Military, Automotive, Sports and Recreation and Commercial areas.

Omni-Lite's wholly owned subsidiaries include Omni-Lite Industries International Inc., Omni-Lite Industries California Inc., Formed Fast International Inc., and Omni-Lite Properties Inc. Omni-Lite has an investment in approximately 13% of California Nanotechnologies Corp., a publicly listed company trading as "CNO" on the TSX Venture Exchange.

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

B. 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 are utilized in the products of Boeing, Airbus, Bombardier, the U.S. Army, NATO, Daimler-Chrysler, Nike, adidas and Reebok. The requirements and stature of these customers necessitates that the Company operate at a very high level of engineering and production efficiency. Currently, revenues are generated through five divisions: Military, Aerospace, Sports and Recreation, Automotive and Commercial. Omni-Lite is determined to continue to fund research for new products and materials and to apply for patents to protect the intellectual property that pertains to its business.

Omni-Lite substantially completed the development of a component required in a major military program in 2006 and this program has become a significant revenue source for the Company since 2007. Additional increases in this program are expected in 2008. In the first half of 2008, sales in the Military division contributed 45% of total sales.

Growth could increase within this division as the demand for the components that the Company manufactures increases as the U.S. and its allies continue military action and training.

In the Aerospace division, Omni-Lite signed an exclusive three-year supply contract with Alcoa Fastening Systems in 2006. This agreement covers 18 components that Omni-Lite currently manufactures for this customer. The Aerospace represented 28% of total revenue in the first half of 2008.

The Automotive division accounted for 12% of revenue in 2008. Growth in the Automotive division will come from new designs to improve fuel efficiency and safety. The Company is currently developing components that could begin production in 2009 and 2010.

The Sports and Recreation division accounted for 10% of revenue in 2008. This division is affected by seasonality and revenues generally peak in the third quarter. Omni-Lite's Sports and Recreation products are marketed in over 140 countries worldwide. The Company's ultra-light, compression style track spikes have become the industry standard.

C. Consolidated Financial Results

Revenue: For the period ended June 30, 2008, Omni-Lite Industries Canada Inc. reported revenue of $4,019,396 ($4,064,011 CDN), an increase of 32% from same period of 2007. This increase is largely the effect of growth in the Military division. The Military division represented the largest portion of sales with 45% of revenue, a 67% increase in sales over last year. The Aerospace division contributed 28% of revenue. The Automotive, Sports and Recreation and Commercial divisions provided 12%, 10% and 4% of the revenue, respectively.

Sales by division and by geographic location are summarized below:

Division/ Segments	Military	Aerospace	Automotive	Sports & Recreation	Commercial
2008 1st half	45%	28%	12%	10%	4%

Geographic allocation	United States	Canada	Barbados
2008 1st half	91%	-	9%

Net Income: Net income was $936,837 ($947,236 CDN) versus $860,274 in 2007, an increase of 9%. The provision for taxes has increased substantially because the profitability of the Company in recent years has used up the tax losses from the earlier years.

Cost of Goods Sold: Cost of Goods Sold ("COGS") increased from $892,220 in 2007 to $1,118,981 in 2008 while sales increased from $3,037,035 in 2007 to $4,019,396 in 2008. The gross margin was $2,900,415 which corresponds to a gross margin of approximately 72% of total revenue. The increase in gross margin was due to improvements in productivity.

Operating Expenses: The operating expenses increased by 14%. The main operating expenses are G&A and Amortization. General and administrative expenses increased for a number of reasons including: the employment and training of additional staff and an increase in commissions paid to outside sales representatives.

To achieve the objectives of the Vision 2010 growth plan, the Company has purchased more equipment, which resulted in an increase for amortization to $327,336, an increase of 46%.

Research and product design expenses was $47,716 in first half of 2008. The Company has several major R&D projects currently underway and will continue to fund R&D expenditures in 2008. These projects should begin producing new revenue in 2009 and 2010.

Taxes: The provision for current income tax is $297,894. The provision for future tax increased due to the elimination of the Net Operating Losses carried forward from prior years that offset this expense and to increases in temporary differences in depreciation of equipment.

Earnings per share: Basic earnings per share were $0.09 ($0.09 CDN) compared to $0.08 ($0.8 CDN) in same period of 2007 based on the weighted average shares outstanding of 10,905,420. In 2008, Omni-Lite repurchased 236,100 (2007 – 100,000) common shares through the Normal Course Issuer Bid.

The diluted earnings per share were $0.09 ($0.09 CDN) compared to $0.08 ($0.08 CDN) in 2007. As of June 30, 2008, the diluted weighted average number of shares was 10,992,006.

Basic earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding for the period. 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 : 10,905,420	**For the six month period ended June 30, 2008**	**For the six month period ended June 30, 2007**	**% Increase (Decrease)**
Revenue	$4,019,396	$3,037,035	32%
Cash flow from operations(1)	$1,679,773	$947,008	77%
Net Income	936,837	860,274	9%
EPS (US)	$0.09	$0.08	13%
EPS (CDN)	$0.09	$0.08	13%

(note: at 06/30/08, $1US = $1.0111 CDN; 6/30/07, $1US = $1.0593 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, 2008, revenue was $2,059,929 ($2,082,794 CDN), an increase of 47%. Net income was $417,339 ($421,971 CDN), an increase of 236% over the same period in 2007.

ALL FIGURES IN US DOLLARS UNLESS OTHERWISE NOTED

SUMMARY OF FINANCIAL HIGHLIGHTS (US $)

Weighted Average Shares Issued And Outstanding: 10,905,420	**For the three months ended June 30, 2008**	**For the three months ended June 30, 2008**	**% Increase (Decrease)**
Revenue	$2,059,929	$1,403,839	47%
Cash flow from operations(1)	$796,166	$324,277	146%
Net Income	$417,339	$124,174	236%
EPS (US)	$0.038	$0.011	242%

(note: at 06/30/08, $1US = $1.0111 CDN; 6/30/07, $1US = $1.0593 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.

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

	Jun 30/2008	Mar 31/2008	Dec 31/2007	Sept 30/2007	June 30/2007	Mar 31/2007	Dec 31/2006	Sept 30/2006
Revenue	2,059,929	1,959,467	1,900,077	2,046,733	1,403,839	1,633,196	838,509	1,823,936
Cash Flow from Operations(1)	796,166	883,657	682,060	830,059	324,277	622,731	(165,466)	500,283
Net Income	417,339	519,498	17,073	706,023	124,174	736,100	(150,122)	433,180
EPS(US)	.038	.050	.002	.064	.011	.066	(.014)	.040
EPS(CDN)	.038	.050	.002	.063	.012	.077	(.016)	.047

(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'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 lower revenues experienced in the first and fourth quarters have grown to provide a more balanced income stream throughout the year.

In the second quarter of 2008, revenue was $2,059,929, an increase of 47% over the same period in 2007. Inventory in second quarter 2008 increased as more raw materials were purchased and as the higher production efficiency created more finished goods.

Liquidity and Capital Resources

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

	June 30/2008	June 30/2007
Net cash from operating activities	887,102	58,296
Net cash from (used in) financing activities	(23,102)	564,358
Net cash from (used in) investing activities	(921,193)	(519,429)
Net increase (decrease) in cash	(57,193)	103,225
Cash at the beginning of the period	(5,651)	3,690
Cash at the end of the period	(62,844)	(106,915)

As of June 30, 2008, the main source of liquidity was cash from operating activities and the main usage of cash was for equipment purchase, stock buyback through Normal Course Issuer Bid ("NCIB") and repayment to related parties.

-Cash flow from operating activities generated $887,102 ($896,949 CDN) in cash in 2008, compared to $58,296 in the same period of 2007. The Company has been focusing on operating cash inflow and outflow activities.

-Cash flow used in financing activities was $23,102. $500,294 was used to repurchase 236,100 common shares through a Normal Course Issuer Bid ("NCIB") which was carried out by Cormark Securities Inc. $228,248 was repaid to related parties. The Company did not pay a dividend as funds are being used purchase new equipment.

-Cash flow used in investing activities was $921,193. $535,938 was used as a deposit for equipment as part of the "Vision 2010" expansion plan. The remaining balance to be paid on the equipment is $2,105,469, which is paid in installments of approximately $76,563 per month.

The Company had bank indebtedness of $62,844. At the second quarter of 2008, the Company's working capital (current assets – current liabilities) was $288,757 which is improved over 2007 when working capital was -$494,973. Working capital has improved and the Company has been able to meet its payable obligations by managing its cash and receivables.

A comparison between total current assets divided by total current liabilities shows that at the second quarter of 2008, the current ratio was 1.09x compared to 0.86x in 2007. Debt ratio ((Current Liability + Total long-term debt)/Total Assets) is 0.21x. The interest coverage ratio of 2008 Q2 was 22.31x. The Company is able to meet its debt service.

On January 1, 2007 the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530 "Comprehensive Income", Section 3251 "Equity", Section 3855 "Financial Instruments Recognition and Measurement", and Section 3865 "Hedges". The Company has evaluated the impact of these new standards and determined that the adoption of these standards has had no material impact on the Company's net earnings or cash flows. The other effects of the implementation of the new standards are discussed below.

(a) *Comprehensive Income*

The new standards introduce comprehensive income, which consists of net earnings and other comprehensive income ("OCI"). The Company's consolidated financial statements include a Statement of Comprehensive Income. Accordingly, cumulative changes in OCI are included in accumulated other comprehensive income ("AOCI") and included in a Statement of Accumulated Other Comprehensive Income.

(b) *Financial Instruments*

The financial instruments standard establishes the recognition and measurements criteria for financial assets, financial liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions.

Measurements in subsequent periods depends on whether the financial instrument has been classified as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivables", or "other financial liabilities" as defined by the standard.

Financial assets and financial liabilities "held-for-trading" are measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are measured at fair value, with changes in those fair values recognized in OCI. Financial assets "held-to-maturity", "loans and receivables" and "other financial liabilities" are measured at amortized cost using the effective interest method of amortization.

The Company has made the following classifications:
Cash and cash equivalents are designated as "held-for-trading" and are measured at fair value, which approximates carrying value due to the short-term nature of these instruments. Accounts receivable are designated as "loans and receivables". Accounts payable and accrued liabilities, due to related parties and long-term debt are designated as "other liabilities". Long-term investments are financial instruments classified as "available-for-sale". They are initially recorded at their fair value unless fair value is not readily determinable. Subsequent changes to the market value of the investments are recorded as changes to other comprehensive income. Realized gains and losses are recognized in income when the investments are actually disposed of.

Impact upon adoption of Sections 1530, 3855 and 3865

Section 1506 "Accounting Changes"

Beginning January 1, 2007 the Company adopted Section 1506 "Accounting Changes" the only impact of which is to provide disclosure of when an entity has not applied a new source of GAAP that has been issued but is not yet effective. This is the case with Section 3862 "Financial Instruments Disclosures" and Section 3863 "Financial Instruments Presentation" which are required to be adopted for fiscal years beginning on or after October 1, 2007. The Company will adopt these standards on January 1, 2008 and it is expected the only effect on the Company will be incremental disclosures regarding the significance of financial instruments for the entity's financial position and performance and the nature, extent and management of risks arising from financial instruments to which the entity is exposed.

As disclosed above, 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, foreign currency 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 balance sheet contracts to manage these risks.

Interest rate risk: The Company's short and long-term borrowings are 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 at June 30, 2008, the increase or decrease in income before taxes for each 1% change in interest rates on floating rate debt amounts to approximately $19,157 (2007 - $18,431). The related disclosures regarding these debt instruments are included in Note 10 of these 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. As at December 31, 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	USD
	June 30, 2008	December 31,2007
Cash	**$ 4,022**	$3,002
Accounts payable	**12,284**	160,858

Market Risk: The Company has financial instruments that may fluctuate in value as a result of changes in market price. Any changes in value are reported in Other Comprehensive Income.

Income Tax Expense: Income tax expenses were $573,744 in 2008 Q2 compared to $203,424 in the same period of previous year. Current income tax expense was $297,894. Future income tax expense was $275,850. The future income tax liability of $1,576,143 resulted largely from the cumulative difference in depreciation between the tax depreciation period of 7 years and the accounting depreciation period of 30 years for the equipment. As the difference in accumulated depreciation amounts reduce, the future tax liability taken in prior periods will offset tax expense until the future tax liability is reduced to $nil.

The Company's functional and reporting currency is US dollars; however, the calculation of income tax expense is based on income in the currency of the country of origin. As such, the Company is continually subject to foreign exchange fluctuations, particularly as the Canadian dollar moves against the US dollar.

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

Recent accounting pronouncements

As of January 1, 2008, Omni-Lite will be required to adopt the CICA Handbook Section 3031, "Inventories". The new standard requires inventories to be valued on a first-in, first-out or weighted average basis, which is consistent with the Company's current treatment. The adoption of this standard should not have a material impact on Omni-Lite's Consolidated Statements.

As of January 1, 2008, Omni-Lite will be required to adopt two new CICA standards, Section 3862, "Financial Instruments – Disclosures" and Section, "3863, Financial Instruments – Presentation", which will replace Section 3861; "Financial Instruments – Disclosure and Presentation". The new disclosure standard will increase disclosure regarding the risks associated with financial instruments and how those risks are managed.

As of January 1, 2008, Omni-Lite will be required to adopt CICA Handbook Section 1535, “Capital Disclosures”, which will require Omni-Lite to disclose its objectives, policies and processes for managing capital.

In February 2008, the CICA Accounting Standards Board (“AcSB”) confirmed that Canadian generally accounting standards for publicly accountable enterprises will be converged with International Financial Reporting Standards (“IFRS”) effective in the calendar year 2011, with early adoption allowed starting in calendar year 2009. The conversion to IFRS will be required, for the Company, for interim and annual financial statements beginning January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement, and disclosures. In the period leading up to the conversion, the AcSB will continue to issue accounting standards that are converged with IFRS such as IAS 2 “Inventories” and IAS 38 “Intangible Assets”, thus mitigating the impact of the adoption of IFS on its Consolidated Financial Statements.

Growth Record

All figures are in US dollars except as noted.

Basic Weighted Average Shares Issued And Outstanding : 10,905,420	**For the quarter ended June 30, 2008**	**For the year ended December 31, 2007**	**For the year ended December 31, 2006**	**For the year ended December 31, 2005**
Revenue	$4,019,396	$6,983,845	$5,007,061	$4,360,046
Net Income	$936,837	$1,583,370	$1,001,312	$1,249,416
EPS (US)	$0.09	$0.14	$0.09	$0.13
EPS (CDN)	$0.09	$0.14	$0.11	$0.15
Total Assets	$16,186,421	$15,090,214	$13,555,781	$9,773,791
Long term debt	$1,928,617	$1,750,908	$1,704,310	$850,913

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 were delivered in the fourth quarter of 2007 and one was delivered in the first quarter of 2008. Five additional systems are scheduled to be delivered in the rest of 2008. The largest system purchased which will be utilized in an R&D effort for a US Military program will be delivered in June 2008. 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 and laboratories. To ensure that the Company will have sufficient trained operators to run this new equipment, the Company has employed 10 new staff, many of which have entered into a multi-year training program at Omni-lite.

D. Growth Expectations

In 2008, Omni-Lite continued its focus on building sales in all of its business areas. With the "Vision 2010" plan, Omni-Lite has purchased extra 16 new cold forging systems. Omni-Lite is obligated to pay the remaining balance of $2,105,469 for the equipment purchase. The Company is actively searching for a 60,000 to 70,000 square feet facility to allow for the additional equipment. Presently, extra office space at the current location has been converted to production space. Omni-Lite anticipates it will be able to attract new business from the various market segments, mainly in the aerospace, military, and automotive areas. The Company is targeting overall growth of 20% to 25% per year for the next three years.

E. Risk Factors

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.

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. **Financial instruments –** The Company currently has the majority of its assets in the U.S and is subject to fluctuations in exchange rate. The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables and planned expenditures. There are short term and long term financial liabilities that are subject to floating rates. The Company reduces the exposure to this risk by repaying debt on an accelerated schedule, if possible.

5. **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.

6. **Employee costs** - The cost of labour may increase, as competition for qualified employees in the Southern California area is strong. Labour costs are managed by including employees in the stock option and bonus plan and by increasing efficiency through advanced technology. In 2006, the Company received its third automated inspection machine, which has significantly reduced the costs in a quality conscious military program. 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.

7. **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.

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 4 months to 18 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.

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.

F. Transactions with Related Parties

Due to related parties includes an amount of $324,747 (2007 - $285,903) due to a shareholder of the Company, which is unsecured, non-interest bearing and has no set terms of repayment; and an amount of $446,100 (2007- $713,192) due to California Nanotechnologies Corp. which is unsecured bearing interest at 7% per annum.

For 2008, the Company did not pay the Chief Executive Officer. It is management's estimate that the fair value of the salary would approximate $120,000 (2007 - $120,000). 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.

G. Third Party Investor Relations Contracts

Omni-Lite Industries Canada Inc. has engaged QIS Capital (547853 B.C. Ltd.) as a member of the company's investor relations team. QIS Capital will serve to increase awareness of the company in the investment community and will help co-ordinate Omni-Lite's public and investor relations activities. As part of this investor relations agreement, Omni-Lite has also been invited to present at the Small-Cap Conference Series held in Calgary on Sept. 26 to 27, 2008, and in Vancouver on Nov. 7 to 8, 2008. this investor relations agreement covers a period of 12 months from June 1, 2008, to May 31, 2009, at a cost of $3,000 per month. 547853 B.C. has also been granted a total of 40,000 options exercisable at $1.95 per share for a period of two years. These options will vest on a 25-per-cent basis every three months from the effective date of the agreement.

I. Board of Directors

The Company's chief executive officer and its corporate secretary are material shareholders. A resolution was passed in 2003 that increased the size of the board of directors to five members.

J. 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, 2008	**United States**	**Canada**	**Barbados**	**Inter-corporate elimination**	**Total**
Revenues	**$ 3,892,022**	**$ -**	**$ 339,398**	**$ (212,024)**	**$ 4,019,396**

Additional information
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.

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 2010 on Omni-Lite's financial condition and projected 2008 capital investment. 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. Although Omni-Lite believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. 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.