Omni-Lite Industries Canada Inc.
Schedule "C"
British Columbia Form 51-901F
For the Quarter Ended March 31, 2004

MANAGEMENT DISCUSSION AND ANALYSIS (in $US)

Item 1 General

This discussion has been completed as of May 29, 2004.

A. Discussion of Operations and Financial Condition

For the quarter ended March 31, 2004, Omni-Lite Industries Canada Inc. reported revenue including rental of $708,354 ($933,582 CDN), a 10% increase over the corresponding period in 2003. Sales in the Military division were the strongest this quarter representing 45% of the revenues, up 172% compared to first quarter 2003. Sales in the Automotive division grew by 14% over the same period in 2003 to represent 21% of revenue. Compared to first quarter 2003, sales in the Aerospace division and Sport & Recreation Division decreased 38% and 65%, respectively. Sales in the Aerospace division did experience lower sales but part of the revenue was deferred to subsequent quarters. Deferred revenue for R&D payments received was $52,329 of which was not included in this quarter's revenue, but will be recognized when the new products are delivered. Sales in the Sports & Recreation division decreased when compared to 2003 because of a shift in production schedules at the major customer's facilities. The Commercial Division received new sales contributing to 11% of revenues.
The R&D department has had a very challenging first quarter. Many of the new product developments utilize the four largest cold forging systems. The technicians continue to gain experience on the new systems, but the longer development time is causing a backlog to build as new products are scheduled in. The successful completion of the development of new products will be measured by the growth in revenue this year.

Net income increased to $265,782 versus income of $164,057 in 2003, an increase of 62%.

In first quarter 2004, overhead expenses were $ 291,560, a decrease of 3%. Amortization costs have increased by 139% as a result of the addition of new equipment in 2003. General and administrative costs have decreased 6% to $208,546. Presently, the CEO does not receive a salary for his services, the fair value of which would be $85,000.

Research and product design expenses increased in first quarter but were offset by $52,329 paid for engineering services by customers. R&D expenses will rise in 2004 as many of the new projects have greater complexity and cannot share tooling designs. The costs may continue to be offset by fees collected from customers.

In February 2003, 5,800 square feet of office space was leased out for a term of 3 years with an option for a 2 year extension.

Earnings per share were $0.03 ($0.04 CDN) compared to $0.02 in Q1 2003 based on the weighted average shares outstanding of 8,797,327. 86,200 common shares were repurchased between January 1 and March 31 through the Normal Course Issuer Bid which reduced the actual number of outstanding shares to 8,698,069. As of March 31, 2004, there were 8,744,269 shares outstanding and 46,200 shares were awaiting cancellation.

For the first quarter of the year, cash flow from operations increased by 80% to $326,883 ($427,596 CDN). The increase reflects the increase in revenue and productivity.

All figures are in US dollars except as noted.

SUMMARY OF FINANCIAL HIGHLIGHTS (US $)

Shares Issued And Outstanding : 8,744,269	**For the quarter ended March 31, 2004**	**For the quater ended March 31, 2003**	**% Increase**
Revenue and rental	$708,354	$641,680	10%
Cash flow from operations	$326,883	$207,774	80%
Net Income	$265,782	$164,055	62%
EPS (US)	$0.03	$0.02	70%
EPS (CDN)	$0.04	$0.03	51%

(note: at 3/31/03, $1US = $1.4718 CDN; 3/31/03, $1US = $1.3081 CDN)

B. 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".

C. 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 operate at a very high level of engineering and production efficiency. Currently, revenues are received through four divisions: Automotive, Aerospace, Sports and Recreation, and Military.

The majority of the growth has resulted from the new components developed and increases in sales of existing components. Growth will continue to be strong as prototype components are approved and enter the production phase.
Compared to 2003, sales by the Military division increased substantially due to the resumption of steady orders. Sales should continue to be strong in this division as the need for the components may increase as the U.S. and its allies continue military action.

D. 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 table above shows the assets of the company increasing as the equipment was purchased. 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. 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. To fund the purchase of the building and equipment, debt was incurred and has increased to $2,173,950 by the end of 2003.

E. Growth Expectations

In 2004, Omni-Lite will continue its focus on building sales in all of Omni-Lite's 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.

F. Risk Factors

Risk factors are substantially unchanged. Please refer to the 2003 annual report for disclosure.

G. Transactions with Related Parties

Due to related parties includes an amount of $ 158,516 (2003 - $193,557) due to David F. Grant, a director and shareholder of the Company, which is unsecured, non-interest bearing and has 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. The Company is committed to repaying the loan as excess funds become available.

H. Third Party Investor Relations Contracts

No third party investor relations arrangements have been made.

I. 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 specialized equipment, materials, and workforce. The staff in Barbados are responsible for marketing, sales, and maintaining international markets for Omni-Lite's products.

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:

December 31, 2003	United States	Canada	Barbados	Inter-corporate elimination	Total
Revenues	$ 615,738	$ -	$ 89,442	$ (23,371)	$ 681,809
Property and equipment	$ 6,013,391	$ -	$ 86,152	$ -	$ 6,099,543

Item 2 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

	Mar 31/04	Dec 31/03	Sept 30/03	June 30/03	Mar 31/03	Dec 31/02	Sept 30/02	June 30/02
Revenue and Rental	708,354	753,285	892,966	724,512	641,682	498,751	673,822	445,833
Cash Flow	326,883	119,652	419,167	246,799	207,774	-234,220	199,463	60,841
Net Income	265,782	126,752	252,288	139,307	164,057	-611,551	25,600	-58,418
EPS(US)	.03	.01	.03	.02	.02	-.07	.00	-.01
EPS(CDN)	.04	.01	.04	.02	.03	-.11	.01	-.01

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. The growth has resulted from sales in the Military, Automotive, and Aerospace divisions which generally follow a release schedule provided by the customers and allow for better planning. This is contrasted by the results in 2002 which exhibited large fluctuations in revenue from quarter to quarter caused by production delays, the transition to the new facilities, and customer production issues.

Item 3 Liquidity and Capital Resources

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

	Mar 31/04	Mar 31/03
Net cash from operating activities	(19,196)	192,353
Net cash from (used in) financing activities	(24,266)	252,097
Net cash from (used in) investing activities	(73,086)	(510,182)
Net increase in cash (decrease)	(116,548)	(65,732)
Cash at the beginning of the period	196,764	75,377
Cash at the end of the period	80,216	9,645

As of March 31, 2004, the primary source of liquidity was cash from operating activities. The Company had cash of $80,216 including $60,026 of restricted cash relating to a holdback of the mortgage proceeds pending the completion of renovations. 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 the Company.

Cashflow used by operations activities was $19,196. $179,651 was used to build inventory due to purchases of raw material, tooling, and continued build up of stock.

Cash flows used in financing activities was $24,266. Related parties were repaid $35,041.

Cash flows used in investing activities was $73,086. $69,337 was used to repurchase 86,200 common shares through a Normal Course Issuer Bid which was carried out by Sprott Securities Inc.

The Company will use excess funds for servicing debt to reduce interest payments and repurchasing common shares through the Normal Course Issuer Bid.

As the Company's quarterly 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 ratios have not changed when comparing first quarter 2004 to the fourth quarter 2003. The ratio of 1.71 indicates that the Company is able to generate sufficient cash to meet on going demands.

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.