Omni-Lite Industries Canada Inc.
British Columbia Form 51-102F1
For the Quarter Ended September 30, 2004

MANAGEMENT DISCUSSION AND ANALYSIS (in $US)

This management's discussion and analysis of financial condition and results of operations supplements the financial statements for the three months (Q3) and the nine months (YTD) ended September 30, 2004.

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 November 23, 2004. 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 November 23, 2004.

Revenue

Total revenues, including rental, reached $933,530 ($1,181,848 CDN) for the third quarter of 2004 reflecting a year-over-year increase of 4.5%. This demonstrates the continuation of a trend of six consecutive quarters of improved growth rate. In this quarter, growth was primarily driven by the Aerospace and Commercial divisions with 55% and 11.7% increases, respectively, as compared to the same period in 2003. The growth in the Aerospace division also reflects the completion of six groups of components that have been submitted to customers for approval or have been accepted for delivery. The favorable growth rates were offset by reductions of revenue in the Military and Automotive divisions of 61.2% and 12%, respectively. In the Military division, the reduction in revenue reflected the completion of a defense contract in August. Our customer has indicated that a new contract for Omni-Lite's components will be approved in Q4 2004 which will allow the resumption of deliveries. The decline in revenue in the Automotive division reflects the phasing out of certain components which have been replaced by a new design which is also provided by Omni-Lite. Sales from the Commercial division increased to 6% of Q3 revenue which reflected an increase in new product offerings. The Sports and Recreation division brought in the largest proportion of revenue in Q3 due to the seasonal nature of the products, and saw an increase in revenues of 2% over Q3 of 2003.

For the YTD, Omni-Lite reported revenue including rent of $2,523,640 ($3,353,060 CDN), an 11.7% increase over the same period in 2003. For the first nine months of 2004, the Military division provided the most growth with a 77.4% increase in sales compared to the same period in 2003. The Automotive division provide growth of 15.8% during the same period. Revenue from the Aerospace division is about on par with the revenue from the first nine months of 2003. We expect that as the R&D is completed in the Aerospace division, the revenue growth will rise accordingly. Year-to-date, revenues in the Sports and Recreation division declined by 16.3%, but we expect that over the year, revenues from this division will be similar to the prior year. The Commercial division is picking up as new products are introduced and is contributing about 5% to sales overall. The Company's R&D efforts remain focused on the projects in the Aerospace division since those contracts have the greatest potential to favorably impact sales growth.

Net Earnings

Net income for Q3 2004 was $241,974 ($306,339 CDN) or $0.03 ($0.04 CDN) per common share. This compares to net income of $252,288 or $0.03 per share in the third quarter of last year, a decrease of 4.1%. This quarter's earnings growth was affected by a 25% increase in overhead expenses and the 61.2% decrease in revenue from the Military division.

Net earnings for the year-to-date were $729,303 ($968,995 CDN) or $0.08 ($0.11 CDN) per share. Compared to YTD 2003, net income increased 31.3% from $555,652 or $0.06 per share. This reflects the strong performance of the first half of 2004. However, overhead expenses are up by 11.9% which reflects the higher amortization and depreciation from the equipment purchased last year. General and administration costs associated to salaries, training, and hiring new employees have increased by 30.9% over last year.

Earnings per share was calculated using the weighted average shares outstanding of 8,610,292. Through the Normal Course Issuer bid, 362,300 common shares were repurchased between January 1 to September 30. As of September 30, 2004, there were 8,461,969 shares outstanding and 40,000 shares were awaiting cancellation reducing the total shares outstanding to 8,421,969.

ALL FIGURES IN US DOLLARS UNLESS NOTED

SUMMARY OF FINANCIAL HIGHLIGHTS (US $)

Weighted Average Shares Issued And Outstanding : 8,610,292	**For the nine months ended September 30, 2004**	**For the nine months ended September 30, 2003**	**% Increase**
Revenue and rental	$2,523,640	$2,259,160	12%
Cash flow from operations	$912,755	$801,301	14%
Net Income	$729,303	$555,652	31%
EPS (US)	$0.084	$0.06	40%
EPS (CDN)	$0.108	$0.082	32%

(note: at 9/30/04, $1US = $1.2699 CDN; 9/30/03, $1US = $1.3536 CDN)

SUMMARY OF FINANCIAL HIGHLIGHTS (US $)

Weighted Average Shares Issued And Outstanding : 8,610,292	**For the three months ended September 30, 2004**	**For the three months ended September 30, 2003**	**% Increase (Decrease)**
Revenue and rental	$933,530	$892,966	4.5%
Cash flow from operations	$304,637	$419,167	(27%)
Net Income	$241,974	$252,288	(4%)
EPS (US)	$0.03	$0.03	-
EPS (CDN)	$0.04	$0.04	-

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 operate 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. Compared to 2003, sales by the Military division increased substantially due to the resumption of steady orders. In the third quarter of 2004, a contract for components provided by the Military division was not immediately renewed. The effect was reduced sales from this division. In November, the Company has been advised that a new contract for these components will be accepted by a Defense customer.

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. To fund the purchase of the building and equipment, debt was incurred and has increased to $2,173,950 by the end of 2003.

Growth Expectations

In 2004, 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. To achieve this goal, Omni-Lite has recently installed state-of-the-art product and tooling design software and has increased the tool-making capacity. As proficiency with the new software systems improve, a reduction in the R&D time needed for each project is expected to improve upon the YTD growth rate of 12%.

Risk Factors

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

Transactions with Related Parties

Due to related parties includes an amount of $ 167,047 (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.

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 are 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:

September 30, 2004	United States	Canada	Barbados	Inter-corporate elimination	Total
Revenues	$ 2,019,613	$ -	$ 748,838	$ (322,599)	$ 2,443,852
Property and equipment	$ 5,983,664	$ -	$ 86,152	$ -	$ 6,069,816

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

	Sept 30/04	June 30/04	Mar 31/04	Dec 31/03	Sept 30/03	June 30/03	Mar 31/03	Dec 31/02
Revenue and Rental	933,530	881,756	708,354	753,285	892,966	724,512	641,682	498,751
Cash Flow	304,637	234,235	326,883	119,652	419,167	246,799	207,774	-234,220
Net Income	241,974	221,547	265,782	126,752	252,288	139,307	164,057	-611,551
EPS(US)	.03	.03	.03	.01	.03	.02	.02	-.07
EPS(CDN)	.04	.04	.04	.01	.04	.02	.03	-.11

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.

Liquidity and Capital Resources

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

	September 30/04	September 30/03
Net cash from operating activities	323,841	343,706
Net cash from (used in) financing activities	(149,083)	224,242
Net cash from (used in) investing activities	(349,749)	(473,944)
Net increase in cash (decrease)	(174,991)	94,004
Cash at the beginning of the period	196,764	75,377
Cash at the end of the period	21,773	169,381

Cash Flows and Liquidity

For Q3, the primary source of liquidity was cash from operating activities. The Company had cash holdings of $21,774, excluding $38,706 of restricted cash available for 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 Omni-Lite.

For the year-to-date, cash flows generated by operating activities was $323,841. Accounts receivables remained high as of September 30, 2004, as a large portion of shipments were made late in the quarter. The Company has not experienced any extraordinary obstacles in collecting payments from its customers.

Cash flows in financing activities were used to repay debt due to related parties and to pay down credit facilities.

For YTD, cash flows used in investing activities were $349,749. A sum of $303,885 was used to repurchase 362,300 common shares through the Normal Course Issuer Bid which is executed by Sprott Securities Inc. The Company has used $45,864 this year for purchases of equipment for secondary manufacturing processes in support of the cold forging equipment.

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 ratios has improved in the third quarter 2004 from the second quarter 2004. The ratio of 2.23 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.