Omni-Lite Industries Canada Inc.
For the Quarter Ended September 30, 2006

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 September 30, 2006. 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 November 29, 2006.

Revenue

For the nine months ended September 30, 2006, Omni-Lite Industries Canada Inc. reported record revenue of $4,168,552 ($4,644,600 CDN), a 28% increase over the corresponding period in 2005. Sales in the Aerospace division were the strongest in the period, representing 29% of revenue, up 4% over the same period in 2005. The Sports and Recreation division contributed 27% to revenue. The Military division brought in 22% of revenue, which was 32% higher than in the same period in 2005. The Automotive division represented 16% of the revenue, up 56% over the nine month period in 2005. The remaining 6% of revenues were from the Commercial division.

Net Earnings

Net income for the nine month period was $1,151,434 ($1,282,928 CDN) or $0.11 ($0.12 CDN) per common share. This compares to net income of $1,146,389 or $0.12 per share in the same period of 2005.

Earnings per share were calculated using the weighted average shares outstanding of 10,557,149. As of September 30, 2006, there were 10,981,053 shares outstanding.

The financial statements include the financial results of a partially owned subsidiary, California Nanotechnologies, Inc. This company has a focus on research and development activities related to nanostructured materials.

ALL FIGURES IN US DOLLARS UNLESS OTHERWISE NOTED

SUMMARY OF NINE MONTH FINANCIAL HIGHLIGHTS (US $)

Weighted Average Shares Issued And Outstanding: 10,557,149	**For the nine months ended September 30, 2006**	**For the nine months ended September 30, 2005**	**% Increase (Decrease)**
Revenue	$4,168,552	$3,267,341	28%
Cash flow from operations[(1)]	$1,656,382	$1,537,071	8%
Net Income	$1,151,434	$1,146,389	-
EPS (US)	$0.11	$0.12	(8%)

[(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 September 30, 2006, revenue was a new record for Omni-Lite at $1,823,936 ($2,032,229 CDN), an increase of 37%. Net income was $433,180 ($482,649 CDN), a decrease of 7% over the same period in 2005. Cash flow from operations decreased by 21% over the same period in 2005 to $500,283.

ALL FIGURES IN US DOLLARS UNLESS OTHERWISE NOTED

SUMMARY OF THREE MONTH FINANCIAL HIGHLIGHTS (US $)

Weighted Average Shares Issued And Outstanding: 10,836,256	**For the three months ended September 30, 2006**	**For the three months ended September 30, 2005**	**% Increase (Decrease)**
Revenue	$1,823,936	$1,332,953	37%
Cash flow from operations[(1)]	$500,283	$634,018	(21%)
Net Income	$433,180	$464,421	(7%)
EPS (US)	$0.04	$0.05	(20%)

[(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 has been utilized in the products of Daimler-Chrysler, Nike, adidas, 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: Aerospace, Military, Automotive, Sports and Recreation, and Commercial.

The Company's 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 and as the demand for the aerospace and military activities that the Company is supporting increases.

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 $520,000 US was purchased in February 2001 for approximately $280,000 US. 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 $1,420,000 US was initiated. In March 2003, the Company received a shipment of new cold forging systems which brought the total number of machines to sixteen.

In 2005, Omni-Lite placed orders for two more 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. The two large systems were delivered in early 2006. The Company placed an order for 12 new cold forging systems in May 2006 with a list price of over $6.68 million US. As of September 30, a total of $1,581,038 US was paid as a deposit for the above mentioned equipment. The Company has committed to pay an additional amount totaling $5,098,962 for complete payment of all the new equipment.

Growth Expectations

In 2006, Omni-Lite will continue its focus on building sales in all of the Company's divisions. With the "Vision 2010" plan, Omni-Lite plans to purchase up to 16 new cold forging systems. A larger facility will be required in 2 to 3 years' time 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 Aerospace, Military, and Automotive.

The Company has purchased five micro cold forging systems and is developing and executing a business plan for the micro segment of the market. The Company is targeting overall growth of 25% to 30% per year for the next four years.

The Company's 37% revenue increase over the last three months of the year demonstrates the growth that the Company is experiencing. As mentioned in previous press releases, the aerospace, military, automotive, and sports and recreational divisions have all received new orders that will continue to drive the growth experienced at Omni-Lite. To sustain this growth in the very challenging engineering environment that the Company operates in, and to maintain the customer satisfaction record that has become a company hallmark, Omni-Lite has addressed several key issues in the last few months. Firstly, the Board of Directors approved the “Vision 2010” plan at the December 2005 board meeting. This allowed the purchase of approximately $8,000,000 worth of new equipment to add to the world class facility in Cerritos, California. The first $1,400,000 worth of equipment arrived this year with an additional $2,300,000 scheduled to arrive in 2007. To prepare for the additional work in late 2006 and 2007, the Company has increased its staff from 25 to 40 people. Many of these people are trainees who could become part of the backbone of the Company’s highly skilled work force in the years to come. The Company has added key management in the Quality, Production and Tooling Support areas with the plan of further increasing customer satisfaction and production efficiency. Without this large commitment by the Company and the large investment that it is making in the current fiscal period the growth aspirations of Omni-Lite will not be realized. If the Company is successful in implementing this growth plan, the Company's success in the Aerospace, Military and Specialty Automotive areas should match the rapid growth in these areas of the economy.

Risk Factors

Risk factors are substantially unchanged. Please refer to the 2005 annual report for disclosure.

Transactions with Related Parties

Due to related parties includes an amount of $1,036,882 due to a shareholder of the Company which is unsecured, non-interest bearing and has no set terms of repayment.

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 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:

September 30, 2006	United States	Canada	Barbados	Inter-corporate Elimination	Total
Revenues	$ 3,661,367	$ -	$ 1,034,622	$ (527,437)	$ 4,168,552
Property and Equipment	$ 8,576,010	$ 619	$ -	$ -	$ 8,576,629

On February 9, 2005, Omni-Lite E-FORM Technologies Inc. ("E-FORM") was incorporated in California, USA by officers and directors of Omni-Lite and related parties, who invested all of E-FORM's initial capital of $122,000. At that time, 50% of the shares of E-FORM were issued to the Company for nominal consideration. In September 2005, additional subscriptions from third parties resulted in a further investment of $120,000 and a reduction of the Company's ownership to 38.48%. Subsequent subscriptions made in 2006 further reduced the Company's ownership to 25%. On May 24, 2006, E-FORM was renamed California Nanotechnologies, Inc. ("CNI"). Because of the relationship between the management of the two corporations, current accounting rules require that CNI's financial statements be consolidated with the Company resulting in the inclusion of CNI's assets in the Company balance sheet.

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

	Sep 30, 2006	June 30, 2006	Mar 31, 2006	Dec 31, 2005	Sep 30, 2005	June 30, 2005	Mar 31, 2005	Dec 31, 2004
Revenue	1,823,936	1,330,936	1,013,680	1,092,705	1,322,953	1,010,728	923,660	709,803
Cash Flow from operations	500,283	654,887	501,212	424,607	634,183	474,129	428,924	319,717
Net Income	433,180	377,435	340,819	103,027	464,421	372,812	309,156	38,994
EPS(US)	.04	.04	.03	.01	.05	.04	.03	.00
EPS(CDN)	.04	.04	.04	.01	.05	.05	.04	.00

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:

	September 30/06	September 30/05
Net cash from operations	1,513,722	961,883
Net cash from (used in) financing activities	1,537,731	(503,101)
Net cash from (used in) investing activities	(3,428,246)	(91,911)
Net increase in cash (decrease)	(376,793)	366,871
Cash at the beginning of the period	456,676	66,347
Cash at the end of the period	79,883	433,218

Cash Flows and Liquidity

For Q3, the primary source of liquidity was cash from operations. 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 $1,513,722. Accounts receivables remained high as of September 30, 2006, as a large portion of shipments were made late in the quarter. Most customers are paying within given terms. An aggressive program to collect outstanding invoices has been implemented and has resulted in bringing most receivables to current status. 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 $1,537,731. In January and June of 2006, dividends of $0.02 CDN per share were paid to shareholders on record as of January 13, 2006 and June 15, 2006. Cash in the amount of $572,612 was used to repurchase 274,000 shares under the normal course issuer bid.

Cash used in investing activities were $3,428,246. The funds were for equipment purchases, deposits on equipment and repayment of bank debt.

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 1.02x. The ratio indicates that the Company has the ability 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.