Omni-Lite Industries Canada Inc.
For the period ended September 30, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis ("MD&A") of financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and the related notes of Omni-Lite Industries Canada Inc. for the period ended September 30, 2012. Omni-Lite Industries Canada Inc. ("Omni-Lite" or the "Company") reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB. The Company's functional currency is in United States ("US") dollars and all amounts in this MD&A are expressed in US dollars. This discussion has been completed as of November 21, 2012.

Company Overview

Omni-Lite Industries Canada Inc. is a world recognized research and development company specializing in the manufacture of precision components forged from advanced composite and other alloyed materials. These components are produced utilizing computer-controlled cold forging systems that are networked to provide an optimal environment for engineering enhancements, leading to maximum production efficiencies. These capabilities provide financial benefits such as high industry gross and net margins, and significant cash flow and EBITDA[1] ratios, which allow the Company to execute an ambitious growth strategy.

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 deliver components with the exacting criteria required by customers in a broad group of industries. The Company's mandate is to further leverage this unique mix of skills and competencies to achieve additional growth.

Omni-Lite is managed as a single business by the chief operating decision-makers. The Company operates five business segments defined as the Military, Aerospace, Sports and Recreation, Automotive and Commercial divisions. Through its wholly owned subsidiaries which includes: Omni-Lite Industries International Inc., Omni-Lite Industries California Inc., Formed Fast International Inc., and Omni-Lite Properties Inc., the Company designs, engineers, manufacturers, and markets specialized components to a broad spectrum of Fortune 500 customers. Its components are utilized in the products of Boeing, Airbus, Bombardier, the U.S. Army, U.S. Marine Corp., NATO, Chrysler, Ford, Nike, and adidas. The requirements and stature of these customers necessitates that the Company operate at a very high level of engineering and production efficiency.

The split of revenue between the five business segments for the period ended September 30, 2012 is as follows:

Division/ Segments	**Military**	**Aerospace**	**Sport & Recreation**	**Automotive**	**Commercial**
September 30, 2012	5%	35%	29%	29%	2%

[1] "EBITDA" is a non-GAAP term which represents earnings or losses before net interest expense, income taxes, depreciation and amortization, and non-controlling interests. The MD&A presents certain non-GAAP (Canadian generally accepted accounting principles) financial measures to assist readers in understanding the Company's performance. Non-GAAP financial measures are measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with GAAP.

To ensure future growth, Omni-Lite is committed to funding the research and development for new products and materials and to apply for patents to protect the intellectual property that pertains to its business. To date, the Company has been granted seven U.S. Patents covering innovations in materials, processes, and design.

To gain access to new nanostructured materials and technical services being pioneered in this innovative industry, Omni-Lite invested in California Nanotechnologies Corp., a publicly listed company trading as "CNO" on the TSX Venture Exchange. Approximately 19 percent of outstanding shares of CNO are held by Omni-Lite.

Omni-Lite's overall strategy is to continue striving to be the best in the progressive cold forging business. To carry out this strategy, following on the success of the Vision 2010 Plan, the Board of Directors approved the Vision 2015 Plan, which is summarized below:

Vision 2015 Plan

- Create superior shareholder value through development of quality products, financial discipline, and investment
- Sales growth of 20 percent to 25 percent per year
- Commission 34 Progressive cold forging systems and four Single die systems
- Maintain research and development efforts for future initiatives
- Continual update of ancillary systems to support production and quality
- Procure integrated 60,000 to 80,000 sq. ft. facility
- Growth and retention of highly skilled workforce and management
- Commit to maintaining the environment through waste reduction, energy conservation, and recycling.

Outlook

In 2012, Omni-Lite will focus on building revenue in the military and automotive segments through on-going product development. The automotive division is growing through product development with emphasis on new components utilized by "green" technology for diesel engines. With the "Vision 2015" strategy, Omni-Lite has completed the purchase of 34 cold forging systems and will complete the commissioning of these systems as production requirements grow.

Selected Annual Financial Information

All figures are in US dollars except as noted.

Basic Weighted Average Shares Issued And Outstanding : 12,837,647	**For the period ended September 30, 2012**	**For the year ended December 31, 2011**	**For the year ended December 31, 2010**	**For the year ended December 31, 2009**
Revenue	$4,279,595	$6,514,083	$7,120,813	$4,385,485
Net Income	383,580	1,958,656	1,820,072	457,008
EPS (US)	0.03	0.15	0.18	0.04
EPS (CAD)	0.03	0.15	0.18	0.05
Total Assets	23,209,780	24,380,299	19,240,986	18,134,123
Long term debt	1,106,163	1,639,213	2,787,504	3,567,546

Results from Operations

Revenue: For the period ended September 30, 2012, Omni-Lite reported revenue of $4,279,595 ($4,208,340 CAD), a decrease of 21 percent from the prior period in 2011.

The Aerospace division represented the largest portion of sales with 35 percent of revenue. Sales in this division were higher by 7 percent when compared to the period ended September 30, 2011. The Automotive division contributed 29 percent of revenue, a 10 percent increase from 2011. The Sports and Recreation division contributed 29 percent of revenue, a 14 percent decrease from 2011. The Military division contributed 5 percent of revenue, a decrease of 84 percent from the same period in 2011. The Commercial divisions provided 2 percent of the revenue.

Sales by division and by geographic location are summarized below:

Division/ Segments	Military	Aerospace	Sport & Recreation	Automotive	Commercial
1st Nine months 2012	5%	35%	29%	29%	2%
1st Nine months 2011	30%	25%	28%	16%	1%

Geographic allocation	United States	Canada	Barbados
1st Nine months 2012	74%	-	26%
1st Nine months 2011	76%	-	24%

Net Income: Net income was $383,580 ($377,193 CAD) versus $962,620 in 2011, a decrease of 60 percent. A significant decrease in the military segment's revenue resulted in the reduction in net income in 2012 when compared with 2011.

Cost of Goods Sold: Cost of Goods Sold ("COGS") decreased 8.2 percent from $2,046,331 in 2011 to $1,879,074 in 2012 due to the lower sales. The decrease of gross margins from 62 percent compared to 56 percent in 2012 is due to the decrease of military sales with that segment's higher margins.

Operating Expenses: Total operating expenses increased by 6 percent compared to the prior period in 2011. Interest expense of $32,754 was incurred, a decrease of 36 percent compared to 2011 due to the complete reduction of the commercial advance line portion of long term debt from financing cash flows. The Company will continue to pay down the loans in 2012.

Foreign exchange gain was $2,529 in 2012, compared with a loss of $48,540 in 2011 due to cash balances being held in US dollars during the nine month period ended September 30, 2012. The Company continues to fund R&D efforts as it is anticipated that new business will emerge from these activities.

Current income tax recovery decreased to ($125,076) from ($12,000) in the prior period due to current period Internal Revenue Service tax allowances, tax refunds and lower net income. Future tax increased to $110,200 from $99,400. Future tax expense is an accounting principle that deals with the effect of temporary tax-to-book differences in the depreciation of equipment. For a capital-intensive company, such as Omni-Lite, these accounting considerations can have significant effects on cash flow.

Earnings per share: Basic earnings per share were $0.03 ($0.03 CAD) compared to $0.08 ($0.08 CAD) in 2011 based on the weighted average shares outstanding of 12,837,647 and 12,826,713 in 2011. Actual shares outstanding were 12,531,532 from repurchasing and cancelling common shares by way of a normal course issuer bid in the current period.

The diluted earnings per share were $0.03 ($0.03 CAD) compared to $0.07 ($0.07 CAD) in 2011. At September 30, 2012, the diluted weighted average number of shares was 13,015,487. 383,013 (2011 – 140,834) options were excluded in calculating the weighted-average number of diluted common shares outstanding, because their exercise price was greater than the annual average common share market price in the period.

Basic earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding for the year. 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: 12,837,647	**For the period ended September 30, 2012**	**For the period ended September 30, 2011**	**% Increase (Decrease)**
Revenue	$4,279,595	$5,415,617	(21%)
Cash flow from operations[2]	1,044,116	1,815,445	(42%)
Net Income	383,580	962,620	(60%)
EPS (US)	0.03	0.08	(60%)
EPS (CAD)	0.03	0.08	(62%)

(Note: at 09/30/12, $1US = $0.98335 CAD; 09/30/11, $1US = $1.0326 CAD)

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

	Sep 30/2012	Jun 30/2012	Mar 31/2012	Dec 31/2011	Sep 30/2011	Jun 30/2011	Mar 31/2011	Dec 31/2010	Sep 30/2010
Revenue	1,525,127	1,386,824	1,367,644	1,098,466	1,793,959	2,139,344	1,482,314	1,126,037	1,720,995
Cash Flow from Operations[2]	407,355	313,234	323,527	110,268	414,176	763,456	637,813	523,347	881,838
Net Income	140,134	179,903	63,543	996,036	143,761	510,960	307,899	231,268	427,806
EPS – basic (US)	.011	.014	.005	.076	.011	.039	.026	.017	.048
EPS – basic (CAD)	.011	.014	.005	.081	.011	.038	.025	.017	.048
EPS – diluted (US)	.011	.014	.005	.074	.011	.038	.026	.016	.047
EPS – diluted (CAD)	.011	.014	.005	.079	.011	.037	.025	.016	.047

[2] 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.

In the third quarter of 2012, revenue was $1,525,127 ($1,499,734 CAD), a decrease of 15 percent over the same period in 2011. Net income was $140,134 ($137,801 CAD) versus $143,761 in 2011.

Liquidity and Capital Resources

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

	Sept 30/2012	Sept 30/2011
Net cash from operating activities	$ 1,210,389	$ 2,094,892
Net cash from (used in) financing activities	(1,980,274)	4,391,954
Net cash used in investing activities	(1,111,829)	(698,061)
Net increase (decrease) in cash	(1,881,714)	5,788,785
Cash at the beginning of the period	5,231,092	30,301
Cash at the end of the period	3,349,378	5,819,086

At September 30, 2012, the single source of liquidity was cash from operating activities and these amounts were used along with the beginning cash balances for equipment purchases and repayment of debt in executing the Vision 2015 plan. At the period end, the Company's working capital (current assets – current liabilities) was $5,899,667, which has decreased from 2011 when working capital was $8,835,007.

A comparison between total current assets divided by total current liabilities shows that at September 30, 2012 the current ratio[3] was 4.88x compared to 7.92x at September 30, 2011. Debt ratio[3] ((Current liability + Total long-term debt)/Total Assets) reduced to 0.07x in 2012 compared to 0.09x in 2011. The Company is able to meet its debt service.

Cash flow from operating activities increased to $1,210,389.

Cash flow used in financing activities was $1,980,274.

Cash flow used in investing activities was $1,111,829. A cold forging system was purchased.

The Company's liquidity needs can be met through a variety of sources including cash on hand, cash provided by operations, short-term borrowings from our credit line, and long term debt secured by specific equipment. At September 30, 2012, Omni-Lite had $1,200,000 of available credit on the primary credit facility.

The terms of the new long-term primary credit facility requires that certain measurable covenants be met. As at September 30, 2012, the Company has met these covenants.

[3] Non-GAAP measure - certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under Canadian GAAP and, therefore, are considered non-GAAP measures. These measures are described and presented in order to provide shareholders and potential investors with additional information regarding the Corporation's financial results, liquidity and its ability to generate funds to finance its operations. These measures are identified and presented, where appropriate, together with reconciliations to the equivalent GAAP measure. However, they should not be used as an alternative to GAAP because they may not be consistent with calculations of other companies.

Capital Disclosures

The objective for managing the Company's capital structure is to ensure that the Company has the financial capacity, liquidity and flexibility to fund expansion projects and product development efforts. The Company generally relies on operating cash flows to fund expansion and product development.

However, given the long cycle time of some of the development projects, which require significant capital investment prior to cash flow generation; it is not unusual for capital expenditures to exceed cash flow from operating activities in any given year. The Company's financing needs depend on the timing of expected net cash flows from new products and sales of current products. This requires the Company to maintain financial flexibility and liquidity. The Company's capital management policies are aimed at:

Maintaining an appropriate balance between short-term borrowings, long-term debt and shareholders' equity; maintaining sufficient undrawn committed credit capacity to provide liquidity; ensuring ample covenant room permitting it to draw down credit lines as required; and ensuring the Company maintains a credit rating that is appropriate for their circumstances.

As a capital equipment-intensive company, Omni-Lite's management will continue to measure the performance of the Company by the metrics of Cash Flow from Operations and EBITDA(1). The calculation of EBITDA(1) for the nine month periods are set out in the following table.

	September 30, 2012	**September 30, 2011**
Net Income	**$ 383,580**	$ 962,620
Add:		
Interest Expense	**32,754**	50,831
Provision for Income Taxes	**(14,876)**	87,400
Amortization	**638,840**	720,350
EBITDA	**$ 1,040,298**	$ 1,821,201

(1) "EBITDA" is a non-GAAP term which represents earnings or losses before net interest expense, income taxes, depreciation and amortization, and non-controlling interests.

Risk Factors

Please see the 2011 Annual Financial Statements and Management Discussion & Analysis for full disclosure of risk factors potentially affecting Omni-Lite.

Asset Protection

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.

Financial Instruments

Financial instruments of the Company consist of cash, accounts receivable, due from related parties, investments, accounts payable and accrued liabilities, and long-term debt.

	September 30, 2012		December 31, 2011	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
At fair value through profit or loss				
Cash	**$ 3,349,378**	**$ 3,349,378**	$ 5,231,092	$ 5,231,092
Share purchase warrants	**318**	**318**	134,972	134,972
Loans and receivable				
Accounts receivable	**871,276**	**871,276**	861,732	861,732
Due from related parties	**1,312,367**	**1,312,367**	886,537	886,537
Available for sale				
Investments	**348,577**	**348,577**	336,238	336,238
Other financial liabilities				
Accounts payable and accrued liabilities	**400,489**	**400,489**	437,535	437,535
Long-term debt	**1,106,163**	**1,106,163**	1,639,213	1,639,213

The table below sets out fair value measurements using the fair value hierarchy.

	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash	$ 3,349,378	$ 3,349,378	$ -	$ -
Share purchase warrants	318	318	-	-
Investments	348,577	348,577	-	-

There have been no transfers during the period between Levels 1 and 2.

As explained in Note 2(r) of the financial statements, 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, industry credit 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 statement of financial position contracts to manage these risks.

Interest rate risk

The Company’s long-term credit facility and the two promissory notes 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 September 30, 2012, the increase or decrease in income before taxes for each 1 percent change in interest rates on floating rate debt amounts to approximately $11,062 (September 30, 2011 - $17,865). The related disclosures regarding these debt instruments are included in Note 8 of the financial statements.

Foreign currency risk

A significant portion of the Company’s operations is 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. At September 30, 2012, the Company had the following balances below denominated in Canadian dollars. The balances have been translated into United States currency in accordance with the Company's foreign exchange accounting policy.

	USD September 30, 2012	USD December 31, 2011
Cash	**$ 73,452**	$ 177,363
Accounts payable	**63,477**	91,524

Other Price Risk

The Company has financial instruments that may fluctuate in value as a result of changes in market price. The Company has an investment in shares of California Nanotechnologies Corp. This investment is recorded on the statement of financial position at fair value as of the statement of financial position date for the shares which have been released from escrow while the shares remaining in escrow are carried at cost, with changes from the prior year's fair value reported in Other Comprehensive Income.

Liquidity Risk

The Company is exposed to liquidity risk due to the borrowings under the credit facilities. This risk is mitigated by complying with the covenants and managing the cash flow by controlling receivables and payables.

The following table provides an analysis of the financial liabilities based on the remaining terms of the liabilities as at September 30, 2012 and includes the related interest charges:

	≤ 1 year	> 1 year ≤ 3 years	> 3 year ≤ 4 years	> 5 years	Total
Trade accounts payable and accrued liabilities	$ 400,489	$ -	$ -	$ -	$ 400,489
Bank loan and interest	1,113,684	-	-	-	1,113,684
Total	$ 1,514,173	$ -	$ -	$ -	$ 1,514,173

Credit Risk

The Company manages credit risk by dealing with financially sound customers, based on an evaluation of the customer's financial condition. For the nine months ended September 30, 2012, the Company was engaged in contracts for products with three (September 30, 2011 – five) customers in excess of 10% of revenue, which accounted for $2,168,770 (September 30, 2011 - $3,457,506) or 51% (September 30, 2011 – 64%) of the Company's total revenue. During the same period, export sales to one (September 30, 2011 – two) customer in an international country (outside of the United States) amounted to $534,255 (September 30, 2011 - $986,916) or 12% (September 30, 2011 – 18%) of the Company's total revenue. The maximum exposure to credit risk is the carrying value of account receivable. The table below provides an analysis of our current financial assets and the age of our past due accounts receivables but not impaired financial assets by type of credit risk.

Total	**Current**	**≤ 30 days**	**> 30 days ≤ 60 days**	**60 days ≤ 90 days**	**> 90 days**
$ 871,277	$ 662,010	$ 185,804	$ 4,950	$ 11,675	$ 6,838

Outstanding Share Capital

At November 21, 2012:

- 12,323,632 Common Shares issued and outstanding
- 1,610,000 Warrants issued and outstanding
- Stock options:

Description		Number
Options outstanding at September 30, 2012		728,847
Options	- granted	-
	- exercised	-
	- forfeited	-
	- expired	(90,834)
Options outstanding at November 21, 2012		638,013
Options exercisable at November 21, 2012		210,673

Transactions with Related Parties

Due from related parties includes advances to a company under common control. An amount of $996,848 (December 31, 2011 - $749,276) is due from California Nanotechnologies Corp. bearing interest at 5% per annum and due on demand. The loan is secured by all the assets of California Nanotechnologies Inc.

For the nine month period ended September 30, 2012, the Company did not pay the Chief Executive Officer. It is management's estimate that the fair value salary would approximate $105,000 (September 30, 2011 - $105,000). 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.

The Company has outstanding an unsecured interest free loan to two employees in the amount of $40,000 (December 31, 2011 - $20,000) related to the acquisition of property with maturity dates in 2016 and 2017. Other employees have received unsecured interest free loans from the Company with an amount due of $21,794 (December 31, 2011 - $11,165), repayable in bi-weekly installments with maturity dates in 2013 and 2014. The Company has issued a loan to the Chief Executive Officer for $253,725 (December 31, 2011 - $106,096) at a 5% interest rate and with a maturity date in 2014. The loan is secured by the related property.

Board of Directors

The Company's chief executive officer and its corporate secretary are material shareholders. Currently, there is one vacancy to be filled.

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 production center is located in the heart of Southern California's aerospace industry which facilitates 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:

September 30, 2012	**United States**	**Canada**	**Barbados**	**Inter-corporate elimination**	**Total**
Revenues	**$ 3,795,852**	**$ -**	**$ 1,102,131**	**$ (618,388)**	**$ 4,279,595**
Net income/(loss)	**(197,267)**	**130,010**	**450,837**	**-**	**383,580**

September 30, 2011	United States	Canada	Barbados	Inter-corporate elimination	Total
Revenues	$ 4,880,309	$ -	$ 1,303,842	$ (768,534)	$ 5,415,617
Net income	532,714	(66,008)	495,914	-	962,620

Recent accounting pronouncements

In October 2009, the International Accounting Standards Board ("IASB") published IFRS 7, "Financial Instruments: Disclosures – Transfer of financial assets (Amendment)". IAS made amendments to IFS7, "Financial Instruments: Disclosures" ("IFRS 7"). The amendment is effective for annual periods beginning on or after July 1, 2011. This amendment will result in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period. This amendment will have no impact to the Company after initial application.

In November 2009, the International Accounting Standards Board ("IASB") published IFRS 9, "Financial Instruments," which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through profit or loss. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of profit or loss and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on January 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. There will be no significant impact to the Company upon implementation of the issued standard.

IFRS 10, "Consolidated Financial Statements" has been issued and is effective for periods beginning on or after January 1, 2013. This standard will replace all of the existing guidance on control and consolidation in IAS 27, Consolidated and separated financial statements and SIC12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control so the same criteria are applied to all entities to determine control and includes detailed guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The Company does not expect the impact of the standard to be significant.

IFRS 11, “Joint Arrangements” has been issued and is effective for periods beginning on or after January 1, 2013. The new rules are aimed at providing investors with greater clarity about a participant’s involvement in a joint arrangement. The key change in relation to the participant’s contractual rights and obligations arising from their joint arrangements will determine the accounting under IFRS 11 rather than the arrangement’s legal form. The Company does not expect the impact of the standard to be significant.

IFRS 12, “Disclosure of interest in other entities” has been issued and is effective for periods beginning on or after January 1, 2013. IFRS 12 sets out the required disclosures for entities reporting under the two new standards IFRS 10 and IFRS 11 *Joint arrangements*. The new rules also replace the disclosure requirements currently found in IAS 28 *Investments in associates*. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The Company does not expect the impact of the standard to be significant.

On May 12, 2011, the IASB issued IFRS 13, “Fair value measurements,” which establishes a single source of guidance for fair value measurement under IFRSs. IFRS 13 defines fair value, provides guidance on its determination and introduces consistent requirements on when fair value measurement is required; it prescribes how fair value is to be measured if another Standard requires it. IFRS 13 is effective for the Company on January 1, 2013. Early adoption is permitted and the standard is required to be applied prospectively. The Company uses fair value measurements in the preparation of its financial statements and consequently will be subject to the new requirements.

In September 2011, the IASB amended IAS 1, “Presentation of Financial Statements.” The principal change resulting from the amendments to IAS 1 is a requirement to group together items within OCI that may be reclassified to the statement of income. The amendments also reaffirm existing requirements that items in OCI and net income should be presented as either a single statement or two consecutive statements. The amendment to IAS 1 will be effective for the Company’s fiscal years beginning on January 1, 2013, with earlier application permitted. The Company does not expect any changes to its consolidated financial statement presentation from this amendment as the items within OCI that may be reclassified to the statement of income are already grouped together.

IAS 12 - Income Taxes (“IAS 12”) was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012. The Company does not expect the impact of the standard to be significant.

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 2015 on Omni-Lite’s financial condition and projected 2012 capital investment. Although these “forward-looking” statements are based on currently available competitive, financial and economic data and operating plans, they are subject to risks and uncertainties. In addition to general global events outside the Company’s control, there are factors which could cause actual results, performance or achievements to vary from those expressed or inferred herein including risks associated with an investment in the common shares of the Company and

the risks related to the Company's business. Risk factors are discussed in greater detail in the section on “Risk Factors” previously in this MD&A. 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. 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.

Intention of management’s discussion and analysis

This MD&A is intended to provide an explanation of financial and operational performance compared with prior periods and the Company’s prospects and plans. It provides additional information that is not contained in the Company’s financial statements.

Additional Omni-Lite documents filed with Canadian regulatory agencies

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.