



NEWS RELEASE

Omni-Lite Industries Canada Announces Strategic Acquisition and Names David Robbins as CEO

Reports Second Quarter Fiscal 2018 Results

Revenues of US\$1.6 million

Adjusted EBITDA of US\$482,567

Year-to-Date Bookings of US\$5.3 million

Book-to-Bill Ratio in Excess of 1.35, Yielding Solid Backlog

TSXV: OML

OTCQX: OLNCF

LOS ANGELES, CALIFORNIA, August 27, 2018 - Omni-Lite Industries Canada Inc. (“Omni-Lite” or the “Company”) (TSXV: OML; OTCQX: OLNCF) reported operating results for its second quarter of fiscal 2018. The Company is also pleased to announce today that it has signed a definitive agreement to acquire Monzite Corporation (“Monzite”), a private company based in Nashua, New Hampshire. Monzite manufactures multi-chip microelectronic components for aerospace, defense, industrial and medical applications.

Concurrent with execution of the definitive agreement (the “Merger Agreement”), David Robbins, the CEO and principal shareholder of Monzite, has been appointed CEO of Omni-Lite. Mr. Robbins will also be nominated as a Director, taking effect as of the closing date of the acquisition. Further, Carl Lueders, Monzite’s CFO, has been appointed as CFO of Omni-Lite.

David Robbins is the co-founder and CEO of Monzite and the former CEO of Micronetics Inc., which was a publicly-owned aerospace and defense manufacturer prior to its acquisition by Mercury Systems in 2012. Mr. Robbins will bring his deep industry experience in defense and aerospace markets along with his significant public company leadership and management skills while working with the senior management team of Omni-Lite. Mr. Robbins’ mission will focus on strengthening and building the Omni-Lite platform, cultivating and enhancing existing and new customers and programs, both through organic and inorganic

means. Carl Lueders is a co-founder and CFO of Monzite, and is a seasoned finance executive with 40 years of public and private company experience, including time as the CFO of Micronetics and at Pro-Pharmaceuticals, R.F. Morse & Son, and the Polaroid Corporation. Mr. Lueders will bring to Omni-Lite his full range of financial, operational and transactional expertise.

“David Robbins will be a valuable addition to our Company and leadership team, bringing his wealth of experience and strategic and operational insight gained through his management experiences spanning over 20 years in public and private company settings. By working directly with the leadership of both Omni-Lite and Monzite, and leveraging the combined platform, we are confident that David will be instrumental in driving revenue and earnings growth and creating long-term shareholder value. To emphasize commitment to this shared vision, David and his team will be receiving shares of Omni-Lite common stock in exchange for 100% of their ownership in Monzite and will become meaningful shareholders of the Company going forward” said Chuck Samkoff, on behalf of the Board of Directors of Omni-Lite.

In conjunction with the Monzite transaction, David Grant, the founder and long-time CEO of Omni-Lite, has retired as CEO of the Company. David Grant founded Omni-Lite in 1992, and through his leadership and unwavering dedication, developed a world class supplier of precision forgings to many Fortune 500 OEM manufacturers. It was through David's vision that Omni-Lite became a leading provider of engineering and manufacturing services that has distinguished themselves within the market for mission critical components. In recognition of his very significant role in the creation of the Company, the Omni-Lite Board of Directors has honored David Grant as a Director Emeritus.

The Board of Directors, management and employees of Omni-Lite offer their gratitude to David for his many years of service to Omni-Lite and his many hours of hard work that have allowed the Company to achieve its many successes over the years.

Monzite Profile and Rationale

Monzite is a value-add contract manufacturer of electronic components for high performance electronic sensors to the largest of the OEM system integrators serving the Defense, Aerospace, Medical, Industrial IoT, and Secure Communications markets. The combination of Omni-Lite and Monzite brings together the natural marriage of high-performance microelectronics and advanced materials where small size is a premium, strong product design manufactured to operate in harsh environments that must yield specialized performance. As a result, the Company will be able to take advantage of integrating miniature electronics with metal enclosure components including functional block performance as either a sensor or sensor component. The companies will be able to leverage its current relationships, market knowledge to expand cold metal forging capabilities into new industry verticals. Both companies address the same markets with complementary mission and capability: specialized performance, strong and durable solutions, and products built in volume at low cost.

Monzite business model of value added electronics manufacturing services and engineered electronic products have generated year-over-year double digit revenue growth, with revenue of US\$1.5 million in the twelve-months ended June 30, 2018 (unaudited). Monzite targets margins similar to Omni-Lite while making significant investments in research and development (R&D) for product and technology supporting next generation RF microwave millimeter systems for the aerospace and defense, specialized mobile telecommunications, semiconductor processing and robotics markets.

Monzite Transaction

Omni-Lite, through a wholly owned and newly formed subsidiary, will acquire 100% of the shares of Monzite common stock through a merger transaction and the extinguishment of Monzite's outstanding debt. Shareholders of Monzite will receive 1,225,000 shares of Omni-Lite, subject to certain provisions, in exchange for 100% of the outstanding shares of common stock of Monzite. Monzite currently has outstanding debt of approximately US\$340,000, excluding transaction costs. The acquisition is subject to customary closing conditions, and is currently expected to close in September.

Warrant Agreement

The Board of Directors of Omni-Lite has approved the award of 1,200,000 warrants (the "Warrants") to certain Monzite management members and directors. The Warrants will be allocated among six (6) tranches with each tranche having specified number of Warrants, strike price, and vesting provisions. The strike prices will be determined at closing and will range from 100% to 200% of the grant date value. The grant date value will be the higher of the closing price of the Company's common stock as quoted on the TSXV on the date before signing the definitive agreement and the closing date. Each tranche will have time and performance vesting provisions, subject to change-in-control, clawback and other customary provisions, and have a eight year term and vest over a period of no less than three years.

Second Quarter Fiscal 2018 Results

For the three months ended June 30, 2018, the Company reported revenue of US\$1.6 million, representing approximately 21.0% increase over the first quarter fiscal 2018 revenue. Despite raw material cost increases in the quarter resulting from the impending US tariffs, the Company generated gross profit margins comparable to the year ago period. EBITDA¹ and Adjusted EBITDA¹ was US\$422,700 and US\$482,567, respectively, representing a decrease of approximately 16% and 7%, respectively, over the prior year period, but an increase of 2,113% and 158%, respectively, over the first quarter fiscal 2018 results. Cash flow from operations was US\$105,044, or a US\$223,312 increase over the first quarter of fiscal 2018, a net outflow of US\$118,268. Net income was US\$113,429 a decrease of 65% over the same period in 2017, but a substantial increase over the first quarter of fiscal 2018 which was a loss of US\$187,833. Earnings per share for the second quarter of fiscal 2018 were US\$0.01.

Total bookings for the first half of fiscal 2018 were US\$3.0 million, yielding a book-to-bill ratio of 1.03 for the first half. Year-to-date total bookings were US\$5.3 million, yielding a book-to-bill ratio in excess of 1.35 and an increase of approximately 25.5% over total bookings for the comparable year ago period.

The Company ended the second quarter fiscal 2018 with cash of US\$519,621, no outstanding debt, and availability under its revolving credit facility of US\$1.2 million.

Early Warning Reporting

Prior to the announcement of the Monzite transaction with Omni-Lite (the "Transaction"), Mr. Robbins did not have control of or direction over any shares in Omni-Lite. As a result of the proposed Transaction, Mr. Robbins will receive ownership, control of or direction over more than 10% of the issued and outstanding share capital in Omni-Lite pursuant to the Merger Agreement. Under section 5.2 of National Instrument 62-104 *Take-Over Bids and Issuer Bids*, an individual is

required to disclose obtaining control of or direction over more than 10% of a class of securities of a listed issuer.

Upon the closing, Mr. Robbins will receive 629,813 common shares in Omni-Lite, representing 5.6% of the issued and outstanding common shares of the Company. Mr. Robbins will also receive 948,000 Warrants pursuant to the Transaction, which together with the common shares, will give Mr. Robbins ownership, control of or direction over 12.8% of the issued and outstanding shares of Omni-Lite, on a partially-diluted basis assuming the exercise of the Warrants held by Mr. Robbins only. The Warrants to be issued to Mr. Robbins consist of six (6) tranches with exercise prices to be determined at closing and will range from 100% to 200% of the grant date value, each with an 8-year term. In exchange for the common shares and Warrants in Omni-Lite, Mr. Robbins will surrender his shares in Monzite to facilitate the closing of the Transaction.

The securities of Omni-Lite acquired by Mr. Robbins pursuant to the Merger Agreement will be held for investment purposes. Depending on market and other conditions, Mr. Robbins may, from time to time, in the future increase or decrease his respective ownership, control or direction over securities of Omni-Lite through market transactions, private agreements, or otherwise.

In satisfaction of the requirements of National Instrument 62-104 – *Take-Over Bids and Issuer Bids* and National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting issues*, an Early Warning Report respecting the acquisition of common shares and Warrants by Mr. Robbins will be filed under the Company's SEDAR profile at www.sedar.com.

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Omni-Lite Industries Canada Inc. is incorporated under the laws of Alberta and its head office is located at 900, 715-10th Avenue SW, Calgary, Alberta, T2R 0A8. The principle business of Omni-Lite is the manufacturing of specialized components for the aerospace, defense, automotive, and industrial sectors.

Omni-Lite is a rapidly growing high technology company that develops and manufactures mission critical, precision components utilized by Fortune 500 companies including Boeing, Airbus, Bombardier, Embraer, Alcoa, Ford, Borg Warner, Chrysler, John Deere, the U.S. Military and Nike.

Except for historical information contained herein this document contains forward-looking statements. These statements contain known and unknown risks and uncertainties that may cause the Company's actual results or outcomes to be materially different from those anticipated and discussed herein.

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Reader Advisory

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe",

"anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to the expected future performance of the Company. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: the ability to successfully integrate the Monzite acquisition; general economic conditions in Canada, the United States and globally; industry conditions, governmental regulation, including environmental regulation; unanticipated operating events or performance; failure to obtain industry partner and other third-party consents and approvals, if and when required; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; competition for, among other things, capital, skilled personnel and supplies; changes in tax laws; and the other risk factors disclosed under our profile on SEDAR at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive. The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

ⁱ EBITDA is a non-IFRS financial measure defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is a non-IFRS financial measure defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation provision, gains (losses) on sale of assets, and non-recurring items, if any. These are non-IFRS financial measures, as defined herein, and should be read in conjunction with IFRS financial measures and they are not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with IFRS. The non-IFRS financial measures as used herein may not be comparable to similarly titled measures reported by other companies. We believe the use of EBITDA and Adjusted EBITDA along with IFRS financial measures enhances the understanding of our operating results and may be useful to investors in comparing our operating performance with that of other companies and estimating our enterprise value. EBITDA is also a useful tool in evaluating the operating results of the Company given the significant variation that can result from, for example, the timing of capital expenditures and the amount of working capital in support of our customer programs and contracts. We also use EBITDA and Adjusted EBITDA internally to evaluate the operating performance of the Company, to allocate resources and capital, and to evaluate future growth opportunities.