

OMNITEK ENGINEERING CORP. REPORTS 2014 RESULTS

-- Revenues Up for Quarter and Year; Order Backlog at First Quarter End --

VISTA, CA — March 31, 2015 — Omnitek Engineering Corp. (OTCQB: OMTK) today reported results for its fourth quarter and year ended December 31, 2014 – highlighted by year-over-year revenue growth and accelerating demand for the company’s diesel-to-natural gas engine conversion technology in domestic and foreign fleet markets.

Revenues for the fourth quarter ended December 31, 2014 increased 84 percent to \$413,581 from \$225,057 a year earlier. For the same period, the company reported a net loss of \$409,156 or \$0.02 per share, compared with a net profit of \$190,200, or \$0.01 per diluted share, a year ago, reflecting the impact of higher research and development expenses to support development of additional diesel-to-natural gas engines -- including the expected completion of the Caterpillar C15 engine in the current quarter, expanding its lineup of EPA-approved engines to four.

Gross margin for the quarter increased to \$200,811 from \$49,463, reflecting increased volume and better overhead absorption. Gross margin as a percentage of sales for the same period was 49 percent compared with 22 percent a year earlier, consistent with the company’s normalized target range of 34 to 50 percent as domestic sales commence and foreign sales regain momentum.

Revenues for the full year increased 41.2 percent to nearly \$1.5 million from \$1.0 million in 2013, primarily due to increased diesel-to-natural gas engine conversion kit sales and filter sales to an OEM customer. The company reported a decreased net loss for the full year of \$1.8 million, or \$0.09 per share, compared with a net loss of \$3.5 million, or \$0.18 per share, a year earlier – primarily reflecting the impact of a change in value of a derivative in the 2013 period. Results for 2014 were impacted by an increase in research and development expenses of approximately \$308,000 to develop additional diesel-to-natural gas engines, as noted above.

Gross margin for the full year was \$633,460 compared with \$348,888 in 2013. Gross margin as a percentage of sales was 43 percent compared with 33 percent in the same period a year ago, reflecting increased volume and product mix.

Results for the twelve months ended December 31, 2014 reflect non-cash expenses, including the value of options and warrants granted in the amount of \$335,731 and depreciation and amortization of \$49,979. For the twelve months ended December 31, 2013, non-cash expenses and income included the value of options and warrants granted for \$314,467, gain on change in fair value of derivative liability in the amount of \$1,909,298 and depreciation and amortization of \$22,206.

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“We remain confident that the long-awaited domestic market will gain further momentum in the quarters ahead as large trucking fleet operators focus on our expanding line-up of EPA-approved natural gas “drop-in” engines and conversions kits -- supported by favorable economic and environmental considerations, and early year corporate budgeting for conversions. Equally important, our business in foreign markets, particularly in Mexico and Europe, is beginning to gain traction -- contributing to an expanding order backlog at March 31 of more than \$500,000. This clearly bodes well as we begin the second quarter of 2015, with expectations that several verbal commitments will be followed up with formal purchase orders this quarter,” said Werner Funk, president and chief executive officer of Omnitek Engineering Corp.

Funk added that he is further encouraged by increasing business from the generator and industrial engine markets.

At December 31, 2014, current liabilities totaled \$535,925 and current assets totaled \$3.0 million, resulting in positive working capital of approximately \$2.5 million and a current ratio of 5.6 to 1.

About Omnitek Engineering Corp.

Omnitek Engineering Corp. develops and sells proprietary diesel-to-natural gas conversion systems and complementary products, including new natural gas engines that utilize the company’s technology -- providing global customers with innovative alternative energy and emissions control solutions that are sustainable and affordable.

Some of the statements contained in this news release discuss future expectations, contain projections of results of operations or financial condition or state other “forward-looking” information. These statements are subject to known and unknown risks, uncertainties, and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and is derived using numerous assumptions. Important factors that may cause actual results to differ from projections include, among many others, the ability of the Company to raise sufficient capital to meet operating requirements, completion of R&D and successful commercialization of products/services, patent completion, prosecution and defense against well-capitalized competitors. These are serious risks and there is no assurance that our forward-looking statements will occur or prove to be accurate. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” and variations of such words and similar expressions are intended to identify such forward-looking statements. Unless required by law, the Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

(Financial Tables Follow)

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OMNITEK ENGINEERING CORP.
Statement of Operations

	For the Three Months Ended December 31 <u>2014</u>	For the Three Months Ended December 31 2013 (As restated)	For the Year Ended December 31 <u>2014</u>	For the Year Ended December 31 2013 (As restated)
REVENUES	\$ 413,581	\$ 225,057	\$ 1,485,818	\$ 1,052,518
COST OF GOODS SOLD	<u>212,770</u>	<u>175,594</u>	<u>852,358</u>	<u>703,630</u>
GROSS MARGIN	200,811	49,463	633,460	348,888
OPERATING EXPENSES				
General and administrative	433,914	491,959	1,870,533	1,712,636
Research and development expense	168,611	85,106	600,091	292,228
Depreciation and amortization expense	<u>8,178</u>	<u>7,908</u>	<u>49,976</u>	<u>22,206</u>
Total Operating Expenses	<u>610,703</u>	<u>584,973</u>	<u>2,520,600</u>	<u>2,027,070</u>
LOSS FROM OPERATIONS	<u>(409,892)</u>	<u>(535,510)</u>	<u>(1,887,140)</u>	<u>(1,678,182)</u>
OTHER INCOME (EXPENSE)				
Change in fair value of derivative liability	-	716,680	-	(1,909,298)
Other income	725	-	13,646	-
Interest expense	-	-	-	(13)
Interest income	<u>11</u>	<u>9,030</u>	<u>45,467</u>	<u>64,807</u>
Total Other Income (Expense)	<u>736</u>	<u>725,710</u>	<u>59,113</u>	<u>(1,844,504)</u>
LOSS BEFORE INCOME TAXES	(409,156)	190,200	(1,828,027)	(3,522,686)
INCOME TAX EXPENSE	<u>-</u>	<u>-</u>	<u>800</u>	<u>800</u>
NET LOSS	<u>\$ (409,156)</u>	<u>\$ 190,200</u>	<u>\$ (1,828,827)</u>	<u>\$ (3,523,486)</u>
BASIC AND DILUTED LOSS PER SHARE	<u>\$ (0.02)</u>	<u>\$ 0.01</u>	<u>\$ (0.09)</u>	<u>\$ (0.18)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES BASIC AND DILUTED	<u>19,816,240</u>	<u>19,750,787</u>	<u>19,816,240</u>	<u>19,750,787</u>

OMNITEK ENGINEERING CORP.**Balance Sheet**

	<u>ASSETS</u>	December 31, 2014	December 31, 2013 (As restated)
CURRENT ASSETS			
Cash		\$ 498,782	\$ 1,057,836
Accounts receivable, net		56,059	38,261
Accounts receivable - related parties		15,092	33,369
Inventory, net		2,333,781	2,225,868
Prepaid expense		4,200	21,474
Deposits		92,779	62,973
Short-term investments, net		-	917,248
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Total Current Assets		3,000,693	4,357,029
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FIXED ASSETS, net		88,715	118,460
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OTHER ASSETS			
Intellectual property, net		1,345	2,872
Other noncurrent assets		14,280	-
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Total Other Assets		15,625	2,872
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TOTAL ASSETS		<u>\$ 3,105,033</u>	<u>\$ 4,478,361</u>
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<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable and accrued expenses		\$ 84,385	\$ 91,744
Accrued management compensation		102,096	189,466
Accounts payable - related parties		3,600	1,475
Customer deposits		345,844	222,072
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Total Current Liabilities		535,925	504,757
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Total Liabilities		535,925	504,757
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STOCKHOLDERS' EQUITY			
Common stock, 125,000,000 shares authorized no par value 19,979,582 and 19,759,582 shares issued and outstanding, respectively		8,289,911	8,201,311
Additional paid-in capital		11,121,502	10,785,771
Accumulated deficit		(16,842,305)	(15,013,478)
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Total Stockholders' Equity		2,569,108	3,973,604
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$ 3,105,033</u>	<u>\$ 4,478,361</u>
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