

OMNITEK ENGINEERING CORP. REPORTS 2017 RESULTS

-- Foreign Sales Expected to Drive Growth in 2018 --

VISTA, CA — March 29, 2018 — Omnitek Engineering Corp. (OTCQB: OMTK) today reported results for its fourth quarter and year ended December 31, 2017 – highlighted by a strategic focus on ramping up foreign sales, following the completion or near-completion of multi-year natural gas engine development programs in several key countries.

Revenues for the fourth quarter ended December 31, 2017 were \$260,004 compared with \$361,152 a year earlier, primarily due to the timing of foreign sales from development phases to large scale production in foreign markets. For the same period, the company reported a net loss of \$485,818, or \$0.02 per share, compared with \$193,800, or \$0.01 per share, a year ago, primarily due to a non-cash inventory reserve adjustment of \$305,458. The inventory reserve adjustment represents a non-cash charge for slow-moving inventory and is recorded as a separate line item component of total cost of goods sold.

Gross margin for the quarter includes the non-cash inventory reserve adjustment noted above, resulting in a negative gross margin of \$188,379 compared with positive gross margin of \$106,539 a year earlier.

Revenues for the full year were \$1.1 million compared with \$1.3 million in 2016, primarily due to decreased diesel-to-natural gas engine conversion kit sales and the timing of development program completions noted above. For the full year, the company reported a net loss of \$1.1 million, or \$0.05 per share, compared with a net loss of \$901,392, or \$0.04 per share, a year earlier – primarily reflecting an increase in the non-cash charge for the inventory reserve adjustment noted above.

Gross margin for the full year includes the non-cash inventory reserve adjustment noted above, resulting in a gross margin of \$169,062 compared with gross margin of \$532,101 a year earlier. Adjusted gross margin as percentage of sales was 44 percent compared with 48 percent a year earlier, excluding the previously noted non-cash inventory reserve adjustment.

Results for the twelve months ended December 31, 2017 reflect non-cash expenses, including the value of options and warrants granted in the amount of \$131,522, depreciation and amortization of \$24,586 and inventory reserve adjustment of \$305,458. For the twelve months ended December 31, 2016, non-cash expenses and income included the value of options and warrants granted for \$174,242, depreciation and amortization of \$27,593 and inventory reserve adjustment of \$93,635.

“During the past year, we have seen a dramatic shift from domestic to international demand for engine conversions -- primarily due to oil prices remaining relatively low, though we still expect the

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domestic market to regain momentum. At this point, air pollution regulations and the price disparity between diesel and natural gas in foreign markets, mostly as a result of higher taxes on diesel fuel, are providing meaningful development programs for Omnitek outside the United States, particularly in Europe and Asia, and we expect a transformative year for the company as sales begin ramping up in these markets," said Werner Funk, president and chief executive officer of Omnitek Engineering Corp.

Funk noted the 200-nation "Paris Agreement on Climate Change" remains an important catalyst for alternative solutions to diesel fuel, with natural gas particularly appealing in both foreign and domestic markets -- especially since the fine-particles (PM2.5) and black carbon emissions from diesel engines and potent greenhouse gas (GHG) emissions are abated when using natural gas.

At December 31, 2017, current liabilities totaled \$1.2 million and current assets totaled \$1.6 million, resulting in positive working capital of approximately \$455,000 and a current ratio of 1.4 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>2017</u>	For the Three Months Ended December 31 <u>2016</u>	For the Year Ended December 31 <u>2017</u>	For the Year Ended December 31 <u>2016</u>
REVENUES	\$ 260,004	\$ 361,152	\$ 1,074,213	\$ 1,308,100
COST OF GOODS SOLD	142,925	160,978	599,693	682,364
INVENTORY RESERVE ADJUSTMENT	305,458	93,635	305,458	93,635
Total Cost of Goods Sold	<u>448,383</u>	<u>254,613</u>	<u>905,151</u>	<u>775,999</u>
GROSS MARGIN	(188,379)	106,539	169,062	532,101
OPERATING EXPENSES				
General and administrative	262,730	256,604	1,052,344	1,217,396
Research and development expense	26,273	35,404	118,940	187,109
Depreciation and amortization expense	<u>5,992</u>	<u>6,512</u>	<u>24,586</u>	<u>27,593</u>
Total Operating Expenses	<u>294,995</u>	<u>298,520</u>	<u>1,195,870</u>	<u>1,432,098</u>
LOSS FROM OPERATIONS	<u>(483,374)</u>	<u>(191,981)</u>	<u>(1,026,808)</u>	<u>(899,997)</u>
OTHER INCOME (EXPENSE)				
Other income	-	-	-	5,574
Interest expense	(2,444)	(1,819)	(8,689)	(6,170)
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total Other Income (Expense)	<u>(2,444)</u>	<u>(1,819)</u>	<u>(8,689)</u>	<u>(595)</u>
LOSS BEFORE INCOME TAXES	(485,818)	(193,800)	(1,035,497)	(900,592)
INCOME TAX EXPENSE	<u>-</u>	<u>-</u>	<u>800</u>	<u>800</u>
NET LOSS	<u>\$ (485,818)</u>	<u>\$ (193,800)</u>	<u>\$ (1,036,297)</u>	<u>\$ (901,392)</u>
BASIC AND DILUTED LOSS PER SHARE	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.05)</u>	<u>\$ (0.04)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES BASIC AND DILUTED	<u>20,281,082</u>	<u>20,281,082</u>	<u>20,281,082</u>	<u>20,142,284</u>

OMNITEK ENGINEERING CORP.

Balance Sheet

	<u>ASSETS</u>	
	December 31, 2017	December 31, 2016
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CURRENT ASSETS		
Cash	\$ 23,279	\$ 17,782
Accounts receivable, net	7,984	28,159
Accounts receivable - related parties	3,440	7,005
Inventory, net	1,554,656	1,869,900
Prepaid expense	-	5,324
Cost in excess of billings	-	30,973
Deposits	17,385	21,716
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Total Current Assets	1,606,744	1,980,859
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FIXED ASSETS, net	7,253	31,839
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OTHER ASSETS		
Other noncurrent assets	14,280	14,280
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Total Other Assets	14,280	14,280
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TOTAL ASSETS	<u>\$ 1,628,277</u>	<u>\$ 2,026,978</u>
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	<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 358,032	\$ 325,255
Accrued management compensation	406,841	314,788
Accounts payable – related parties	114,321	18,373
Notes payable – related parties	15,000	-
Convertible notes payable – related parties	15,000	-
Billings in excess of earnings	30,000	-
Customer deposits	212,410	87,114
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Total Current Liabilities	1,151,604	745,530
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Total Liabilities	1,151,604	745,530
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STOCKHOLDERS' EQUITY		
Common stock, 125,000,000 shares authorized no par value		
20,281,082 shares issued and outstanding	8,411,411	8,411,411
Additional paid-in capital	11,852,363	11,620,841
Accumulated deficit	(19,787,101)	(18,750,804)
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Total Stockholders' Equity	476,673	1,281,448
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 1,628,277</u>	<u>\$ 2,026,978</u>
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