

OMNITEK ENGINEERING CORP. REPORTS 2018 RESULTS

-- Foreign Sales Gaining Momentum As Development Programs Are Completed --

VISTA, CA — April 1, 2018 — Omnitek Engineering Corp. (OTCQB: OMTK) today reported results for its fourth quarter and year ended December 31, 2018 – reflecting the completion of certain multi-year natural gas engine development programs overseas and the initial ramp up of related orders.

Revenues for the fourth quarter ended December 31, 2018 were \$276,034 compared with \$260,004 a year earlier. For the same period, the company reported a sharply reduced net loss of \$150,467, or (\$0.01) per share, compared with \$485,818, or (\$0.02) per share, a year ago. The decreased loss is due primarily to a reduction in the non-cash inventory reserve adjustment between 2017 and 2018. 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 included the non-cash inventory reserve adjustment noted above, resulting in a positive gross margin of \$66,229 for the fourth quarter ended December 31, 2018 compared with negative gross margin of \$188,379 a year earlier.

Revenues for the full year increased to \$1.3 million compared with \$1.1 million a year earlier, primarily due to higher diesel-to-natural gas engine conversion kit sales in foreign markets and the completion of engine development projects. For the full year, the company reported a sharply reduced net loss of \$468,406 or (\$0.02) per share, compared with a net loss of \$1 million, or \$0.05 per share, a year earlier – primarily attributable to the increased sales noted above combined with a reduction in the non-cash charge for the inventory reserve adjustment and general and administrative expenses.

Gross margin for the full year includes the non-cash inventory reserve adjustment noted above, resulting in a gross margin of \$500,793 compared with gross margin of \$169,062 a year earlier. Adjusted gross margin as percentage of sales was 47 percent compared with 44 percent a year earlier, excluding the previously noted non-cash inventory reserve adjustment.

Results for the twelve months ended December 31, 2018 reflect non-cash expenses, including the value of options and warrants granted in the amount of \$37,730, depreciation and amortization of \$7,590

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and inventory reserve adjustment of \$97,436. For the twelve months ended December 31, 2017, non-cash expenses and income included the value of options and warrants granted for \$131,522, depreciation and amortization of \$24,586 and inventory reserve adjustment of \$305,458.

“The past year was a transformative year for the company as several multi-year development programs, particularly in Asia and Europe, were completed. We are now finally gaining traction and have begun to generate initial orders for engine conversion projects to support the utilization of CNG and LPG fuels,” said Werner Funk, president and chief executive officer of Omnitek Engineering Corp.

He noted the shift from domestic to international demand for engine conversions continues to be an important strategic growth driver for the company, particularly given stringent air pollution regulations overseas and the price disparity between diesel and natural gas in foreign markets, mostly as a result of higher taxes on diesel fuel.

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

At December 31, 2018, current liabilities totaled \$1.3 million and current assets totaled \$1.4 million, resulting in positive working capital of approximately \$62,000 and a current ratio of 1.05 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>2018</u>	For the Three Months Ended December 31 <u>2017</u>	For the Year Ended December 31 <u>2018</u>	For the Year Ended December 31 <u>2017</u>
REVENUES	\$ 276,034	\$ 260,004	\$ 1,285,686	\$ 1,074,213
COST OF GOODS SOLD	162,369	142,925	687,457	599,693
INVENTORY RESERVE ADJUSTMENT	47,436	305,458	97,436	305,458
Total Cost of Goods Sold	<u>209,805</u>	<u>448,383</u>	<u>784,893</u>	<u>905,151</u>
GROSS MARGIN	66,229	(188,379)	500,793	169,062
OPERATING EXPENSES				
General and administrative	192,779	262,730	811,459	1,052,344
Research and development expense	25,012	26,273	106,896	118,940
Depreciation and amortization expense	<u>296</u>	<u>5,992</u>	<u>7,590</u>	<u>24,586</u>
Total Operating Expenses	<u>218,087</u>	<u>294,995</u>	<u>925,945</u>	<u>1,195,870</u>
LOSS FROM OPERATIONS	<u>(151,858)</u>	<u>(483,374)</u>	<u>(425,152)</u>	<u>(1,026,808)</u>
OTHER INCOME (EXPENSE)				
Loss on settlement of debt	-	-	(32,963)	-
Interest expense	(6,050)	(2,444)	(17,882)	(8,689)
Other income	<u>7,441</u>	<u>-</u>	<u>8,391</u>	<u>-</u>
Total Other Income (Expense)	<u>1,391</u>	<u>(2,444)</u>	<u>(42,454)</u>	<u>(8,689)</u>
LOSS BEFORE INCOME TAXES	(150,467)	(485,818)	(467,606)	(1,035,497)
INCOME TAX EXPENSE	<u>-</u>	<u>-</u>	<u>800</u>	<u>800</u>
NET LOSS	<u>\$ (150,467)</u>	<u>\$ (485,818)</u>	<u>\$ (468,406)</u>	<u>\$ (1,036,297)</u>
BASIC AND DILUTED LOSS PER SHARE	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ (0.05)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES BASIC AND DILUTED	<u>20,420,402</u>	<u>20,281,082</u>	<u>20,349,024</u>	<u>20,281,082</u>

OMNITEK ENGINEERING CORP.

Balance Sheet

	<u>ASSETS</u>	
	December 31, 2018	December 31, 2017
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CURRENT ASSETS		
Cash	\$ 17,060	\$ 23,279
Accounts receivable, net	13,442	7,984
Accounts receivable - related parties	6,666	3,440
Inventory, net	1,359,678	1,554,656
Contract assets	12,772	-
Deposits	5,811	17,385
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Total Current Assets	1,415,429	1,606,744
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PROPERTY & EQUIPMENT, net	2,376	7,253
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OTHER ASSETS		
Other noncurrent assets	30,425	14,280
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Total Other Assets	30,425	14,280
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TOTAL ASSETS	<u>\$ 1,448,230</u>	<u>\$ 1,628,277</u>
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	<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 362,363	\$ 358,032
Accrued management compensation	506,103	406,841
Accounts payable – related parties	145,171	114,321
Notes payable – related parties	15,000	15,000
Convertible notes payable – related parties	-	15,000
Convertible notes payable	100,000	-
Contract liabilities	84,496	30,000
Customer deposits	140,338	212,410
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Total Current Liabilities	1,353,471	1,151,604
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Total Liabilities	1,353,471	1,151,604
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STOCKHOLDERS' EQUITY		
Common stock, 125,000,000 shares authorized no par value 20,420,402 and 20,281,082 shares issued and outstanding, respectively	8,427,210	8,411,411
Additional paid-in capital	11,923,056	11,852,363
Accumulated deficit	(20,255,507)	(19,787,101)
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Total Stockholders' Equity	94,759	476,673
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 1,448,230</u>	<u>\$ 1,628,277</u>
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