

NEWS RELEASE

OMNITEK ENGINEERING CORPORATION REPORTS SECOND QUARTER RESULTS -- Company Anticipates Domestic Fleet Conversions Will Ramp Up in Second Half --

SAN MARCOS, CA — August 7, 2012 — Omnitek Engineering Corporation

(OTCBB: OMTK) today reported results for its second quarter ended June 30, 2012, enhanced by a strengthened financial position in preparation for the expected ramp up of diesel truck engine conversions.

Net revenues for the second quarter increased to \$380,531 from \$374,490 a year earlier. For the same period, the company reported a net loss of \$1.0 million, or \$0.05 per share, compared with a net loss of \$124,808, or \$0.01 per share, a year ago.

Results for the 2012 second quarter reflect the impact of a one-time cash expense of \$413,306 associated with a private placement completed in April and a non-cash expense for issued options of \$502,965. General and administrative expenses for the 2012 second quarter were \$1.2 million compared with \$243,232 a year ago. Excluding the one-time expenses and the non-cash amounts in the 2012 second quarter, the net loss would have been \$99,605, or \$0.01 per share, for the three months ended June 30, 2012.

Net revenues for the six-month period were \$686,900 compared with \$989,746 a year ago. The year-ago period benefited from exceptionally high revenues due to the timing and rescheduling of orders by certain customers. For the same period, the company reported a net loss of \$1.2 million, or \$0.06 per share, compared with a net loss of \$106,697, or \$0.01 per share, a year earlier.

The 2012 six-month period was impacted by a one-time cash expense of \$413,306 associated with the company's private placement noted above and non-cash expenses, including the value of options and warrants, of \$518,415, as well as higher professional fees related to the private placement.

Excluding these one-time cash expenses and non-cash amounts, net loss would have been \$247,480, or \$0.01 per share, for the six months ended June 30, 2012 and \$106,697, or \$0.06 per share, for the six months ended June 30, 2011.

Notwithstanding the impact of the aforementioned items, sales for the remainder of the year remain on track to meet and exceed 2011 – supported by sales momentum from domestic fleet operators focused on fuel saving opportunities by utilizing natural gas, a vastly improving regulatory environment and expected EPA certification for one of the most popular medium to heavy duty truck engines within an estimated eight million addressable market.

(more)

Gross margin for the quarter ended June 30, 2012 was \$231,081 compared with \$171,752 a year ago, reflecting product mix. Gross margin for the quarter as a percentage of sales was 61 percent compared with 46 percent compared in the same period a year ago. The company anticipates gross margin will be 38 percent to 42 percent for the balance of the year.

Gross margin for the six-months ended June 30, 2012 was 336,839 compared with \$504,378 compared a year earlier, reflecting volume and product mix. Gross margin for the six-month period as a percentage of sales was 46 percent compared with 51 percent in the same period a year ago.

“Global demand for converting high-polluting diesel powered engines to operate on natural gas continues to benefit from increased crude oil prices, environmental considerations and favorable economics. We anticipate strong sales momentum for the balance of 2012, and look forward to meeting domestic demand, with a backlog of conversion business and interest that has been building during the past three quarters in anticipation of EPA certification. We are in the final stages of a process for the company’s first two EPA-approved conversion kits and look forward to its successful completion shortly,” said Werner Funk, president and chief executive officer of Omnitek Engineering Corporation.

He noted that the company’s expansion into international markets continues, with a particular focus on markets in South America, Europe, Mexico and China.

“Contrary to a widely held belief that the rate of natural gas adoption for medium and heavy duty applications in the United States and worldwide is dependent on government subsidies, Omnitek’s diesel-to-natural gas engine conversion technology can be successfully utilized without these financial enticements,” Funk emphasized.

He noted that the cost for a diesel truck engine conversion can be recouped within a one-to-two year period, and even earlier if performed during a regularly scheduled engine overhaul.

About Omnitek Engineering Corporation

Omnitek Engineering Corp. develops and sells new natural gas engines, as well as proprietary diesel-to-natural gas conversion systems -- 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 CORPORATION
Consolidated Statement of Operations
(unaudited)

	For the Three Months Ended June 30, <u>2012</u>	For the Three Months Ended June 30, <u>2011</u>	For the Six Months Ended June 30, <u>2012</u>	For the Six Months Ended June 30, <u>2011</u>
REVENUES	\$ 380,531	\$ 374,490	\$ 686,900	\$ 989,746
COST OF GOODS SOLD	<u>149,449</u>	<u>202,738</u>	<u>350,061</u>	<u>485,368</u>
GROSS MARGIN	231,082	171,752	336,839	504,378
OPERATING EXPENSES				
General and administrative	1,198,267	243,232	1,435,590	509,089
Research and development expense	48,254	32,481	77,148	59,946
Depreciation and amortization expense	<u>1,533</u>	<u>20,848</u>	<u>2,990</u>	<u>41,241</u>
Total Operating Expenses	<u>1,248,054</u>	<u>296,561</u>	<u>1,515,728</u>	<u>610,276</u>
LOSS FROM OPERATIONS	<u>(1,016,972)</u>	<u>(124,809)</u>	<u>(1,178,889)</u>	<u>(105,898)</u>
OTHER INCOME (EXPENSE)				
Interest expense	(82)	-	(490)	-
Interest income	<u>1,174</u>	<u>1</u>	<u>1,174</u>	<u>1</u>
Total Other Income (Expense)	<u>1,092</u>	<u>1</u>	<u>684</u>	<u>1</u>
LOSS BEFORE INCOME TAXES	(1,015,880)	(114,808)	(1,178,205)	(105,897)
INCOME TAX EXPENSE	<u>-</u>	<u>-</u>	<u>800</u>	<u>800</u>
NET LOSS	<u>\$ (1,015,880)</u>	<u>\$ (124,808)</u>	<u>\$ (1,179,005)</u>	<u>\$ (106,697)</u>
BASIC AND DILUTED INCOME (LOSS) PER SHARE	<u>\$ (0.05)</u>	<u>\$ (0.01)</u>	<u>\$ (0.06)</u>	<u>\$ (0.01)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>19,661,571</u>	<u>16,471,747</u>	<u>18,429,153</u>	<u>16,068,031</u>

OMNITEK ENGINEERING CORPORATION
Consolidated Balance Sheet

ASSETS

	June 30, 2012 (unaudited)	December 31, 2011 (audited)
CURRENT ASSETS		
Cash	\$ 3,524,094	\$ 31,196
Accounts receivable, net	86,124	13,506
Accounts receivable -related party	26,847	16,715
Inventory	922,677	1,020,117
Prepaid expense	837	2,512
Deposits	176,001	41,943
Total Current Assets	4,736,580	1,125,989
FIXED ASSETS, net	11,777	13,249
OTHER ASSETS		
Long-term Investments, net	1,222,019	-
Intellectual property, net	6,737	8,256
Total Current Assets	1,228,756	8,256
TOTAL ASSETS	\$ 5,977,113	\$ 1,147,494

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 65,154	\$ 57,828
Accrued expenses - related parties	292,517	351,580
Accounts payable - related parties	2,624	2,568
Customer deposits	291,736	286,608
Total Current Liabilities	652,031	698,584
Total Liabilities	652,031	698,584
STOCKHOLDERS' EQUITY		
Common stock, 125,000,000 shares authorized no par value 19,749,590 and 17,137,812 shares issued and outstanding, respectively	8,196,061	2,659,299
Additional paid-in capital	4,731,728	4,213,313
Accumulated deficit	(7,602,707)	(6,423,702)
Total Stockholders' Equity	5,325,082	448,909
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 5,977,113	\$ 1,147,494