OMNITEK ENGINEERING CORP.

FINANCIAL STATEMENTS

December 31, 2008 and 2007

CONTENTS

HJ ASSOCIATES & CONSULTANTS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Omnitek Engineering Corporation
San Marcos, California

We have audited the balance sheet of Omnitek Engineering Corporation as of December 31, 2008, and the related statements of operations, stockholders' equity and cash flows for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Omnitek Engineering Corporation as of December 31, 2008, and the results of their operations and their cash flows for the years ended December 31, 2008 and 2007, in conformity with U.S. generally accepted accounting principles.

We were not engaged to examine management's assertion about the effectiveness of Omnitek Engineering Corporation's internal control over financial reporting as of December 31, 2008 and, accordingly, we do not express an opinion thereon.

HJ Associates & Consultants, LLP

HJ Associates & Consultants, LLP
Salt Lake City, Utah
February 16, 2009

OMNITEK ENGINEERING CORP.
Balance Sheet

ASSETS

	December 31, 2008
CURRENT ASSETS	
Cash	$ 46,471
Accounts receivable	25,559
Accounts receivable – related party (note 7)	7,043
Inventory (Note 3)	1,439,092
Deposits	210,215
Deferred tax asset (Note 2)	403,324
Total Current Assets	2,131,704
FIXED ASSETS, NET (Note 4)	23,666
OTHER ASSETS	
Prepaid Expense	2,500
Intellectual property, net (Note 5)	242,842
Total Other Assets	245,342
TOTAL ASSETS	$ 2,400,712

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 2008
CURRENT LIABILITIES	
Trade accounts payable and accrued expenses	$ 220,952
Accrued expenses – related parties (Note 7)	298,984
Customer deposits (Note 6)	95,362
Total Current Liabilities	615,298
STOCKHOLDERS' EQUITY	
Common stock, no par value, 25,000,000 shares authorized; 16,006,398 shares issued and outstanding	2,320,476
Additional paid-in capital	2,933,948
Accumulated deficit	(3,469,010)
Total Stockholders' Equity	1,785,414
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,400,712

The accompanying notes are an integral part of these financial statements.

OMNITEK ENGINEERING CORP.
Statements of Operations

	For the Years Ended December 31, 2008	For the Years Ended December 31, 2007
REVENUE		
Sales	$ 3,359,953	$ 1,017,217
Cost of sales	2,297,680	774,707
Gross profit	1,062,273	242,510
OPERATING EXPENSES		
General and administrative	1,797,347	1,414,509
Bad debt expense	9,209	(4,943)
Research and development expense	293,167	356,316
Depreciation and amortization expense	130,107	136,676
Total Operating Expenses	2,229,830	1,902,558
Loss from Operations	(1,167,557)	(1,660,048)
OTHER INCOME (EXPENSE)		
Impairment of investments	-	(71)
Interest expense	(160)	(4,747)
Interest income	6,846	5,347
Total Other Income (Expense)	6,686	529
LOSS BEFORE INCOME TAX EXPENSE	(1,160,871)	(1,659,519)
Income tax benefit (expense)	(59,830)	330,947
NET LOSS	$ (1,220,701)	$ (1,328,572)
BASIC LOSS PER SHARE	$ (0.08)	$ (0.08)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	16,006,398	15,830,260

The accompanying notes are an integral part of these financial statements.

OMNITEK ENGINEERING CORP.
Statements of Stockholders' Equity

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit
Balance, December 31, 2006	15,736,152	$ 2,141,697	$ 474,409	$ (919,737)
Common stock issued for cash	109,818	103,779	-	-
Common stock issued for conversion of note payable	160,428	75,000	-	-
Value of options issued for services	-	-	1,225,728	-
Contributed Interest	-	-	1,200	-
Net loss for year ended December 31, 2007	-	-	-	(1,328,572)
Balance, December 31, 2007	16,006,398	2,320,476	1,701,337	(2,248,309)
Value of options issued for services	-	-	511,611	-
Value of warrants issued for services	-	-	721,000	-
Net loss for year ended December 31, 2008	-	-	-	(1,220,701)
Balance, December 31, 2008	16,006,398	$ 2,320,476	$ 2,933,948	$ (3,469,010)

The accompanying notes are an integral part of these financial statements.

OMNITEK ENGINEERING CORP.
Statements of Cash Flows

	For the Years Ended December 31, 2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,220,701)	$ (1,328,572)
Adjustments to reconcile net loss to net cash used by operating activities:		
Amortization and depreciation expense	130,107	136,676
Impairment of investments	-	71
Options and warrants granted	1,232,611	1,225,728
Contributed interest	-	1,200
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	39,266	(13,333)
(Increase) decrease in inventory	(272,185)	74,467
(Increase) decrease in deposits	(140,085)	72,563
(Increase) decrease in prepaid expenses	750	(3,251)
(Increase) decrease in deferred tax asset	59,030	(331,709)
Increase (decrease) in accounts payable and customer deposits	140,309	(73,975)
Increase in related party payable	57,294	72,537
Increase (decrease) in accrued expenses	20,332	-
Net Cash Provided (Used) by Operating Activities	46,728	(167,598)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(5,978)	(5,600)
Purchase of fixed assets	(2,721)	-
Net Cash (Used) by Investing Activities	(8,699)	(5,600)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	75,000
Payments on note payable – related party	(15,000)	-
Common stock issued for cash	-	103,779
Net Cash Provided (Used) by Financing Activities	(15,000)	178,779
NET INCREASE IN CASH	23,029	5,581
CASH AT BEGINNING OF YEAR	23,442	17,861
CASH AT END OF YEAR	$ 46,471	$ 23,442

The accompanying notes are an integral part of these financial statements.

OMNITEK ENGINEERING CORP.
Statements of Cash Flows (Continued)

	For the Years Ended December 31, 2008	2007
SUPPLEMENTAL CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest	$ 160	$ 4,747
Income taxes	$ 800	$ 762
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Stock issued for note payable	$ -	$ 75,000

The accompanying notes are an integral part of these financial statements.

OMNITEK ENGINEERING CORP.
Notes to the Financial Statements
December 31, 2008 and 2007

NOTE 1- ORGANIZATION AND BUSINESS ACTIVITY

Omnitek Engineering Corp.

Omnitek Engineering, Corp. (Omnitek) was incorporated on October 9, 2001 as a California corporation. Omnitek develops and supplies new natural gas engines, advanced engine management systems for gaseous fuels and is the manufacturer of a proprietary technology used to convert old or new diesel engines to operate on natural gas, propane or hydrogen. Omnitek began operations on October 10, 2001, and was a spin-off from Nology Engineering, Inc.

Performance Stores, Inc.

On May 23, 2002, Omnitek, along with Werner Funk, Kevin Schulties, Tom Moore and Gigi Ho formed a Nevada Corporation under the name of PerformanceDepot.com ("Performance"). Performance is an internet based E-commerce site. Performance was 40% owned by Omnitek and 45.3% owned by Werner Funk, president of Omnitek. In December 2003, Performance changed its corporate name to Performance Stores, Inc." As of August 31, 2004 the ownership by Omnitek changed from 40% down to 23%. As part of the change in accounting from a consolidation to an equity method, the company recognized a $246,122 increase to additional paid in capital.

The minority interest value associated with Performance at December 31, 2004 was zero because the loss attributable to the minority interest shareholders exceeded the basis of the shareholders.

Pensare, Inc.

On November 3, 2006, Omnitek acquired Pensare, Inc., which included two technologies and their customer list with the issuance of 300,000 shares of the Company's common stock. Both technologies will be used on every new engine and diesel-to-natural gas conversion kit sold by the Company. Effective January 1, 2007, Pete Petersen, formerly president of Pensare, joined the Company as Vice President of Engineering. The Company believes that the acquisition is an integral part of implementing its business plan. Omnitek will continue as the surviving corporation and the separate existence of Pensare shall cease.

The acquisition of Pensare was accounted for as a purchase pursuant to *SFAS No. 141 Business Combinations* and was valued at the fair market value of the common stock issued for the acquisition. The 300,000 shares issued for the acquisition were valued at $1.58 per share which was the last price the Company sold shares of common stock to outside investors in an arms length transaction. The total purchase price of $474,000 was allocated $82,000 to customer lists and $392,000 to purchased technology relating to high pressure filters. The customer lists and purchased technology are being amortized on 2 year and 5 year terms, respectively. No amounts were allocated to goodwill. At the time of acquisition, Pensare had no other assets or liabilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Methods

The Company's financial statements are prepared using the accrual method of accounting. The Company has elected a December 31, year-end.

b. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

c. Accounts Receivable

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

d. Basic Loss Per Share

The computations of basic loss per share of common stock are based on the weighted average number of common shares outstanding during the period of the financial statements. The diluted per share computation was not considered or presented due to being anti dilutive.

	December 31,	
	2008	2007
Numerator - loss	$ (1,220,701)	$ (1,328,572)
Denominator - weighted average Number of shares outstanding	16,006,398	15,830,260
Loss per share	$ (0.08)	$ (0.08)

e. Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization are calculated on the straight-line method over the shorter of the lease term or the estimated useful lives of the assets ranging from three to five years.

f. Newly Issued Accounting Pronouncements

During the year ended December 31, 2008 the Company adopted the following accounting pronouncements, which had no impact on the financial statements or results of operation:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Newly Issued Accounting Pronouncements (continued)

FIN No. 48 --In June 2006, the FASB issued Financial Interpretation No. (FIN) 48, "*Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement 109.*" FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. We believe that the adoption of FIN 48 will not have a material impact on our results of operations due to the ongoing net losses incurred by the Company, which will offset any taxable income that may arise.

SFAS No. 141(R) -- In December 2007, the FASS issued SFAS No. 141 (R), *Business Combinations.* SFAS 141(R) replaces SFAS No. *141, Business Combinations,* but retains the requirement that the purchase method of accounting for acquisitions be used for all business combinations. SFAS 141 (R) expands on the disclosures previously required by SFAS 141, better defines the acquirer and the acquisition date in a business combination, and establishes principles for recognizing and measuring the assets acquired (including goodwill), the liabilities assumed and any non-controlling interests in the acquired business. SFAS 141 (R) also requires an acquirer to record an adjustment to income tax expense for changes in valuation allowances or uncertain tax positions related to acquire businesses. SFAS 141 (R) is effective for all business combinations with an acquisition date in the first annual period following December 15, 2008; early adoption is not permitted. We do not expect SFAS No. 141(R) to have a material impact on our results of operations, financial position, or cash flows.

SFAS No. 157 -- In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements,*" that provides guidance for using fair value to measure assets and liabilities. Under SFAS 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. SFAS 157 establishes a fair value hierarchy that prioritizes the information used to develop the assumptions that market participants would use when pricing the asset or liability. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. In addition, SFAS 157 requires that fair value measurements be separately disclosed by level within the fair value hierarchy. This standard will be effective for financial statements issued for fiscal periods beginning after November 15, 2007 and interim periods within those fiscal years. The Company is currently evaluating the impact of applying the various provisions of SFAS 157.

SFAS 160 --In December 2007, the FASS issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51.* SFAS 160 requires that non-controlling (or minority) interests in subsidiaries be reported in the equity section of the company's balance sheet, rather than in a mezzanine section of the balance sheet between liabilities and equity. SFAS 160 also changes the manner in which the net income of the subsidiary is reported and disclosed in the controlling company's income statement. SFAS 160 also establishes guidelines for accounting for changes in ownership percentages and for deconsolidation. SFAS 160 is effective for financial statements for fiscal years beginning on or after December 1, 2008 and interim periods within those years; early adoption is not permitted. We do not expect SFAS 160 to have a material impact on our results of operations, financial position, or cash flows.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Newly Issued Accounting Pronouncements (continued)

SFAS 161 -- In March 2008, the Financial Accounting Standards Board (FASS) issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities-an amendment of FASB Statement No. 133 ("SFAS No. 161 "). SFAS No. 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about how and why an entity uses derivative instruments, how the instruments are accounted for under SFAS No. 133 and its related interpretations, and how the instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. The guidance in SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008 (fiscal year 2009 for the Company). The Company is currently evaluating the potential impact of the adoption of SFAS No. 161 on its disclosures in the Company's financial statements.

SFAS 162 -- In May of 2008, the FASS issued Statement No. 162, *"The Hierarchy of Generally Accepted Accounting Principles."* This statement identifies literature established by the FASS as the source for accounting principles to be applied by entities which prepare financial statements presented in conformity with generally accepted accounting principles (GAAP) in the United States. This statement is effective 60 days following approval by the SEC of the Public Company Accounting Oversight Board amendments to AU Section 411, *"The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles."* This statement will require no changes in the Company's financial reporting practices.

SFAS 163 -- In May of 2008 the Financial Accounting Standards Board (FASS) issued Statement of Financial Accounting Standards (SFAS) No. 163, *"Accounting for Financial Guarantee Insurance - an interpretation of FASB Statement No. 60, Accounting and Reporting by Insurance Enterprises* ", This statement requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. This statement also clarifies how Statement 60 applies to financial guarantee insurance contracts. This statement is effective for fiscal years beginning after December 15, 2008. This statement has no effect on the Company's financial reporting at this time.

g. Provision For Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax assets are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

OMNITEK ENGINEERING CORP.
Notes to the Financial Statements
December 31, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Provision For Taxes (Continued)

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

The Company adopted the provision on January 1, 2007. To the extent allowed by GAAP, we provide valuation allowances against the deferred tax assets for amounts when the realization is uncertain

The Company files income tax returns in the U.S. Federal jurisdiction, and the state of California. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2001.

The Company's policy is to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the period ended December 31, 2007, the Company did not recognize interest and penalties. .

The provision (benefit) for income taxes for the year ended December 31, 2008 and 2007 consists of the following:

	2008	2007
Federal:		
Current	$ -	$ -
Deferred	45,689	(258,399)
State:		
Current	800	800
Deferred	13,341	(73,310)
	$ 59,830	$ (330,909)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Provision For Taxes (Continued)

Net deferred tax assets consist of the following components as of December 31, 2008 and 2007:

	2008	2007
Deferred tax assets:		
NOL Carryover	$ 125,420	$ 236,050
Depreciation	74,860	97,212
R&D Carryforward	106,244	74,019
Related Party Accruals	96,800	98,003
Deferred tax liabilities:		
Depreciation	-	(42,930)
Valuation allowance	-	-
Net deferred tax asset	$ 403,324	$ 462,354

The income tax provision differs from the amount of income tax determined by applying the estimated U.S. federal and state income tax rates of 39% to pretax income from continuing operations for the year ended December 31, 2008 and 2007 due to the following:

	2008	2007
Book income	$ (453,052)	$ (663,808)
Meals & Entertainment	92	478
State Tax Deduction	(312)	(320)
Related Party Expense	38,338	38,191
Stock for Services	480,718	490,771
Depreciation	32,669	36,030
Research & Development Limitation	11,434	13,693
Allowance for Doubtful	2,648	10,350
NOL Carryover	(111,735)	75,415
Income Tax Expense	$ 800	$ 800

h. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. During the year ended December 31, 2008 and 2007, the Company expensed $31,149 and $37,246, respectively.

j. Revenue Recognition

The Company recognizes revenue from the sale of new engines for use with compressed natural gas and engine components to convert existing engines to compressed natural gas use. Revenue is recognized upon shipment of the products, and when collection is reasonably assured.

k. Concentration of Risks

Customers

During the year ended December 31, 2008, four customers accounted for approximately 57% of sales. For the year ended December 31, 2007, ten customers accounted for approximately 63% of sales.

Suppliers

During the year ended December 31, 2008, one supplier accounted for 18% of products purchased.

l. Technology Development and Website Designs

The costs of computer software developed or obtained for internal use, during the preliminary project phase, as defined under Statement of Position 98-1 "Accounting for the Costs of Computer Software Developed or obtained for Internal use", are expensed as incurred. The costs of website development, during the planning stage, as defined under Emerging Issues Task Force No. 00-2 "Accounting for Web Site Development Costs", are expensed as incurred. Computer software and website development costs incurred during the application and infrastructure development stage, including external direct costs of materials and services consumed in developing software, creating graphics and website content, payroll, and interest costs, are capitalized and amortized over the estimated useful life, beginning when the software is ready for use and after all substantial testing is completed and the website is operational.

m. Long – Lived Assets

The Company assesses the recoverability of its long lived assets annually and when ever circumstances would indicate that there may be an impairment. The Company compares the estimated undiscounted future cash flows to the carrying value of the long lived assets to determine if an impairment has occurred. In the event that an impairment has occurred, the Company will recognize the impairment immediately.

NOTE 3 - INVENTORY

Inventory is stated at the lower of cost or market. The Company's inventory consists of finished goods and raw material and is located in San Marcos, California and Bayswater, Australia.

Location		Amount
San Marcos, CA		
Raw materials		$ 1,188,199
Finished goods		468,355
Bayswater, Australia (raw material)		6,341
Allowance for obsolete inventory		(223,803)
	Total	$ 1,439,092

The Company has established an allowance for obsolete inventory. Expense for obsolete inventory was $98,303 and $30,811, for the years ended December 31, 2008 and 2007, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2008 consisted of the following:

Research and Development Equipment		$ 39,684
Tooling Equipment		22,453
Computer Equipment		2,721
Less accumulated depreciation		(41,192)
	Total	$ 23,666

Depreciation expense for the years ended December 31, 2008 and 2007 was $12,182 and $12,700, respectively.

NOTE 5 - INTELLECTUAL PROPERTY

The Companies patents and trademarks at December 31, 2008 was as follows:

Patents		$ 43,195
Trademarks		1,920
Intellectual property and customer list		474,000
Less accumulated amortization		(276,273)
	Total	$ 242,842

Amortization expense for the years ended December 31, 2008 and 2007 was $117,925 and $123,976, respectively.

NOTE 6 - CUSTOMER DEPOSITS

The Company may require a customer deposit from international customers. As of December 31, 2008 the Company had customer deposits of $95,362.

NOTE 7 - RELATED PARTY TRANSACTIONS

Accounts Receivable – Related Party

On November 1, 2007, the Company acquired a 15% interest in Omnitek Engineering Thailand Co. Ltd. in exchange for use of the Company's name and logo. As of December 31, 2008, $7,043 was due from the related party for the purchase of products.

Note Receivable

At December 31, 2005, the Company had a note receivable from Performance Stores in the amount of $112,474 consisting of the following: $100,000 note and accrued interest of $12,474. The note receivable is considered a related party transaction based on common management. The Company fully impaired the note and accrued interest during the year ended December 31, 2005. Accrued interest on the note in the amount of $10,274 was paid during 2007.

Accrued Expenses – Related Parties

During the year ended December 31, 2008, related parties were due amounts for services performed for the Company. As of December 31, 2008 the related parties' payables consisted of the following:

Amounts due to the President	$ 252,734
Amounts due to other officers of the company	46,250
Total	$ 298,984

NOTE 8 – STOCKHOLDERS' EQUITY

During the year ended December 31, 2008, the Company granted 450,000 warrants to consultants to purchase common stock in the Company for services. The Company recognized an expense of $721,000 related to the warrants issued during the year as well $511,611 options that vested during the year pursuant to FAS 123(R).

LONG-TERM INCENTIVE PLAN – In April 2007, the Company's shareholders approved its 2006 Long-Term Incentive Plan ("the Plan"). Under the plan, the Company may issue up to 10,000,000 shares of both Incentive Stock Options to employees only and Non-Qualified Stock Options to employees and consultants at its discretion. As of December 31, 2007 the Company issued 4,920,000 options under the plan.

OMNITEK ENGINEERING CORP.
Notes to the Financial Statements
December 31, 2008 and 2007

NOTE 8 - EQUITY ACTIVITY (Continued)

A summary of the status of the options and warrants granted at December 31, 2008 and 2007, and changes during the years then ended is presented below.

	For the years ended December 31, 2008		2007	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	4,920,000	.59	-	-
Granted	450,000	.24	4,920,000	.59
Exercised	-	-	-	-
Expired or cancelled	-	-	-	-
Outstanding at end of period	5,370,000	.51	4,920,000	.59
Exercisable	3,253,334	.39	1,983,334	.41

A summary of the status of the options and warrants outstanding at December 31, 2008 is presented below:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$.01-.50	2,250,000	3.1 years	$ 0.16	1,650,000	$ 0.11
.51-.74	1,060,000	5.8 years	0.58	1,060,000	0.58
.75-1.00	2,060,000	5.6 years	0.86	543,334	0.80
$.01-1.00	5,370,000	5.2 years	$ 0.51	3,253,334	$ 0.39

The fair value of each option granted is estimated on the date granted using the Black-Scholes pricing model, with the following assumptions used for the grants: risk-free interest rate of between 2.03% and 3.35%, expected dividend yield of zero, expected lives of one to seven years and expected volatility of between 60% and 130.3%.