



***Quarterly Report
For Quarter Ended
March 31, 2010***

Omnitek Engineering Corp.

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About Omnitek

Omnitek Engineering, Corp. ("Omnitek" or the "Company") develops and sells new natural gas engines, as well as proprietary diesel-to-natural gas conversion systems. The Company further develops advanced engine technologies and emissions control systems for engines burning natural gas, liquefied petroleum gas and hydrogen. The Company's natural gas engines and diesel-to-natural gas conversion technology, have established Omnitek as a leader in their industry.

Omnitek offers a total system approach and is supplying alternative energy solutions that are sustainable and affordable are designed to reduce emissions combat global warming.

ITEM 1. THE COMPANY

The Company was incorporated as Omnitek Engineering Corp. in California on October 10, 2001, and was a spin-off from Nology Engineering, Inc., a leader in the automotive aftermarket ignition parts business and manufacturer of the revolutionary and patented HotWires. On April 17, 2008, the Company filed Amended and Restated Articles of Incorporation to increase the authorized capital stock from 25,000,000 shares of common stock to 150,000,000 shares, consisting of 125,000,000 shares of common stock, no par value and 25,000,000 shares of preferred stock, no par value. The principal executive offices and related engineering and assembly facilities are located at 1945 S. Rancho Santa Fe Road, San Marcos, California, 92078, where we currently occupy 6,000 square feet of industrial space. The telephone number is (760) 591-0089, and the facsimile number there is (760) 591-0880. The Company operates a website at www.omnitekcorp.com, and any investor relations questions can be addressed to the President, Mr. Werner Funk.

ITEM 2. SHARES OUTSTANDING

Authorized and Outstanding Shares

The authorized capital stock of the Company is one hundred fifty million (150,000,000) in number and consists of (a) one hundred twenty five million (125,000,000) shares of Common Stock, no par value per share (the "Common Stock") and (b) twenty-five million (25,000,000) shares of preferred stock, no par value per share (the "Preferred Stock").

As of March 31, 2010, the Company had 16,147,675 shares of Common Stock outstanding of which 1,826,862 are in the public float. No Preferred shares have been issued. The Company has reserved 10,000,000 shares of its Common Stock for issuance to certain key employees as performance incentives pursuant to the Company's 2006 Long-Term Incentive Plan, of which options and warrants to purchase 5,270,000 shares have been granted.

Common Stock

The holders of Common Stock are entitled to one vote per share on all matters to be voted on by holders of Common Stock. Subject to the preferences applicable to Preferred Stock outstanding at any time, the holders of shares of Common Stock shall be entitled to receive such dividends and other distributions in cash, property or shares of stock of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefore. The holders of Common Stock issued and outstanding have and possess the right to receive notice of shareholders' meetings and to vote upon the election of directors or upon any other matter as to which approval of the outstanding shares of Common Stock or approval of the common shareholders is required or requested. Subject to the preferences applicable to Preferred Stock outstanding at any time, upon liquidation of the Company, the holders of Common Stock will share pro rata in the distribution of assets. The Common Stock has no preemptive or other subscription rights, and there are no conversion rights or redemption or sinking fund provisions with respect to such shares.

Preferred Stock

The Preferred Stock may be divided into such number of series as the Board of Directors may determine. The Board of Directors is authorized to determine and alter the rights, preferences, privileges and restrictions granted to and imposed upon any wholly unissued series of Preferred Stock, and to fix the number of shares of any series of Preferred Stock and the designation of any such series of Preferred Stock. The Board of Directors, within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series, may increase or decrease (but not below the number of shares such series then outstanding) the number of shares of any series subsequent to the issue of shares of that series.

Transfer Agent

The Company utilizes the services of Colonial Stock Transfer Co., Inc. located at 66 Exchange Place, Salt Lake City, UT 84111. Colonial Stock Transfer Co.'s telephone and facsimile are: Telephone: (801) 355-5740, Facsimile: (801) 355-6505. The U.S. Securities and Exchange Commission is the appropriate regulatory authority and Colonial Stock Transfer Co., Inc. is registered under the Exchange Act.

Holdings

There were approximately 52 holders of record and 188 beneficial owners of the Company's Common Stock as of March 31, 2010.

Dividends

Common Stock - No dividends have ever been paid on the Common Stock and the Company does not currently anticipate paying any cash or other dividends on the Common Stock. Future dividend policy will be determined by the Board of Directors of the Company

ITEM 3. INTERIM FINANCIAL STATEMENTS

The Company's Interim Financial Statements for the Period Ending March 31, 2010 and 2009, are attached at the end of this quarterly update.

ITEM 4. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PLAN OF OPERATION

Our sales increased to \$417,242 in 2010 from \$211,357 in 2009. The increase of 97% was the result of the higher energy costs which increases the demand for alternative energy sources.

Our cost of sales rose to \$251,252 in 2010 from \$130,031 in 2009. Our Gross Margin was 40% in 2010 compared to 38% in 2009. We expect that our gross margin will continue in the 40% range as our operations have grown sufficiently to allow us to negotiate better pricing for our components.

Our operating expenses for 2010 were \$684,193 compared to \$308,109 in 2009. During 2009 we implemented a severe cost cutting program. However, in 2010 we incurred a one-time \$379,067 expense for the value of options extended to consultants. In 2010 we incurred significant legal and accounting expenses in connection with the filing of our registration statement. We decreased our research and development outlays to \$38,712 in 2010 from \$63,718 in 2009.

Our net loss for the three months ended March 31, 2010 was \$525,336 compared to \$161,993 in 2009. Our loss increased despite our cost cutting efforts because of the costs incurred in filing our registration statement and the value of the extended options.

Included in our net loss was the value of options and warrants granted to key individuals. We recorded an expense of \$379,067 and \$64,574 during 2010 and 2009, respectively. Excluding these non cash expenses our net loss would have been \$146,069 and \$97,419 during 2010 and 2009, respectively. We expect that we will continue to grant options and warrants to obtain the services we require as a way to reduce cash expenditures.

Liquidity and Capital Resources

At March 31, 2010 our current liabilities totaled \$781,397 and our current assets totaled \$1,369,187. This leaves a net of \$587,790 to cover possible negative cash flows in 2010. We believe that through the collection of accounts receivable and the sale of inventory, in the normal course of business, we will meet our obligations on a timely basis. We believe that our liquidity is sufficient for at least the next twelve months.

We have no firm commitments or obligations for capital expenditures. However, substantial discretionary expenditures will be required to enable us to conduct existing and planned product research, design, development, manufacturing, marketing and distribution of our products and Intellectual Property. We may need to raise additional capital to facilitate growth and support our long-term product development, manufacturing, and marketing programs. The Company has no established bank-financing arrangements and until we have sufficient assets, capital, and inventory or accounts receivable, it is not anticipated that we will secure any bank financing in the near future. Therefore, it is likely that we may need to seek additional financing through subsequent future public or private sales of our securities, including equity securities. We may also seek funding for the development, manufacturing, and marketing of its products through strategic partnerships and other arrangements with corporate partners. There can be no assurance, however, that such collaborative arrangements or additional funds will be available when needed, or on terms acceptable to us, if at all. If adequate funds are not available, we may be required to curtail one or more of our research and development programs.

ITEM 5. LEGAL PROCEEDINGS

The Company is not presently a party to any litigation, claim or assessment against it, and is unaware of any unasserted claim or assessment which will have a material effect on the financial position or future operations of the Company. To the knowledge of the Company, no federal, state or local governmental agency is presently contemplating any proceeding against the Company. No director, executive officer or affiliate of the Company or owner of record or beneficially of more than five percent of the Company's common stock is a party adverse to the Company or has a material interest adverse to the Company in any proceeding.

ITEM 6. DEFAULTS UNDER SENIOR SECURITIES

Omnitek is not in default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the Company to make payments. The Company has not and is not in the process of filing bankruptcy, receivership or any similar proceeding.

The issuer's primary SIC Code is 3694. The Company is not classified as a shell Company pursuant to Rule 405 of the Securities Act.

ITEM 7. OTHER INFORMATION

None.

ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS


The Balance Sheets of Omnitek Engineering Corp. as of March 31, 2010 and December 31, 2009, the Statements of Operations for the three months ended March 31, 2010 and 2009, the Statements Stockholders' Equity from December 31, 2008 to March 31, 2010, and Statements of Cash Flows for the three months ended March 31, 2010 and 2009, and together with the notes thereto, are included in this quarterly report.

Issuer Certifications

I, Werner Funk, certify that;

- (1) I have reviewed this Quarter Report of Omnitek Engineering Corp.
- (2) Based upon my knowledge, this Quarter Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarter Report; and
- (3) Based upon my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarter Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer as of, and for, the periods presented in this Quarter Report.

Omnitek Engineering Corp.



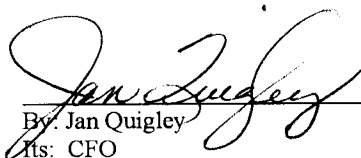
Dated: June 24, 2010

By: Werner Funk
Its: President and CEO

I, Jan Quigley, certify that;

- (1) I have reviewed this Quarter Report of Omnitek Engineering Corp.
- (2) Based upon my knowledge, this Quarter Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarter Report; and
- (3) Based upon my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarter Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer as of, and for, the periods presented in this Quarter Report.

Omnitek Engineering Corp.



By: Jan Quigley
Its: CFO

Dated: June 24, 2010

ITEM 9. EXHIBITS

The Balance Sheets of Omnitek Engineering Corp. as of March 31, 2010 and December 31, 2009, the Statements of Operations for the three months ended March 31, 2010 and 2009, the Statements Stockholders' Equity (Deficit) from December 31, 2008 to March 31, 2010, and Statements of Cash Flows for the three months ended March 31, 2010 and 2009, and together with the notes thereto, are included in this quarterly report.

OMNITEK ENGINEERING CORP.

FINANCIAL STATEMENTS

March 31, 2010

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OMNITEK ENGINEERING CORP.

Balance Sheets

ASSETS

	March 31, 2010 <u>(unaudited)</u>	December 31, 2009 <u>(audited)</u>
CURRENT ASSETS		
Cash	\$ 16,643	\$ 78,991
Accounts receivable, net of allowance of \$10,000	33,345	10,813
Accounts receivable -related party	50,426	73,749
Inventory	1,142,675	1,083,399
Deposits	<u>126,098</u>	<u>128,359</u>
 Total Current Assets	 <u>1,369,187</u>	 <u>1,375,311</u>
 FIXED ASSETS, net	 <u>8,626</u>	 <u>11,727</u>
OTHER ASSETS		
Prepaid expense	2,500	2,500
Intellectual property, net	<u>138,623</u>	<u>158,503</u>
 Total Other Assets	 <u>141,123</u>	 <u>161,003</u>
 TOTAL ASSETS	 <u>\$ 1,518,936</u>	 <u>\$ 1,548,041</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 99,355	\$ 11,832
Accounts payable-related parties	7,960	16,105
Accrued expenses-related parties	368,045	371,050
Customer deposits	246,273	194,331
Note payable	<u>59,764</u>	<u>84,158</u>
 Total Current Liabilities	 <u>781,397</u>	 <u>677,476</u>
 Total Liabilities	 <u>781,397</u>	 <u>677,476</u>
STOCKHOLDERS' EQUITY		
Common stock, 125,000,000 shares authorized no par value 16,147,675 and 16,127,675 shares issued and 16,047,675 and 16,027,675 shares outstanding, respectively	2,337,976	2,330,476
Additional paid-in capital	3,751,404	3,366,794
Accumulated deficit	<u>(5,351,841)</u>	<u>(4,826,705)</u>
 Total Stockholders' Equity	 <u>737,539</u>	 <u>870,565</u>
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 <u>\$ 1,518,936</u>	 <u>\$ 1,548,041</u>

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

OMNITEK ENGINEERING CORP.

Statements of Operations
(unaudited)

	For the Three Months Ended March 31, <u>2010</u>	For the Three Months Ended March 31, <u>2009</u>
REVENUES	\$ 417,242	\$ 211,357
COST OF GOODS SOLD	<u>251,252</u>	<u>130,031</u>
GROSS MARGIN	165,990	81,326
OPERATING EXPENSES		
General and administrative	621,750	221,369
Research and development expense	38,712	62,718
Depreciation and amortization expense	<u>23,731</u>	<u>24,022</u>
Total Operating Expenses	<u>684,193</u>	<u>308,109</u>
LOSS FROM OPERATIONS	<u>(518,203)</u>	<u>(226,783)</u>
OTHER INCOME (EXPENSE)		
Other income	-	69,022
Interest expense	(7,803)	(6,703)
Interest income	<u>1,670</u>	<u>1,670</u>
TOTAL OTHER INCOME (EXPENSE)	<u>(6,133)</u>	<u>63,989</u>
NET INCOME (LOSS) BEFORE INCOME TAXES	(524,336)	(162,794)
INCOME TAX EXPENSE (BENEFIT)	<u>800</u>	<u>800</u>
NET LOSS	<u>\$ (525,136)</u>	<u>\$ (163,594)</u>
BASIC AND DILUTED LOSS PER SHARE	<u>\$ (0.03)</u>	<u>\$ (0.01)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>16,146,564</u>	<u>16,006,398</u>

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

OMNITEK ENGINEERING CORP.
Statements of Stockholders' Equity

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance, December 31, 2008	16,006,398	\$ 2,320,476	\$ 2,933,948	\$ (3,469,010)	\$ 1,785,414
Common stock issued for conversion of note payable	21,277	10,000	-	-	10,000
Common stock issued as collateral for note payable	100,000	-	-	-	-
Value of options issued for services	-	-	266,331	-	266,331
Value of warrants issued for services	-	-	145,254	-	145,254
Contributed interest on related party payables	-	-	21,261	-	21,261
Net loss for year ended December 31, 2009	-	-	-	(1,357,695)	(1,357,695)
Balance, December 31, 2009	16,127,675	2,330,476	3,366,794	(4,826,705)	870,565
Value of options and warrants issued for services (unaudited)	-	-	379,067	-	379,067
Contributed interest on related party payables (unaudited)	-	-	5,543	-	5,543
Common stock issued for conversion of note payable (unaudited)	20,000	7,500	-	-	7,500
Net loss for the three months ended March 31, 2010 (unaudited)	-	-	-	(525,136)	(525,136)
Balance, March 31, 2010 (unaudited)	<u>16,147,675</u>	<u>\$ 2,337,976</u>	<u>\$ 3,751,404</u>	<u>\$ (5,351,841)</u>	<u>\$ 737,539</u>

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

OMNITEK ENGINEERING CORP.

Statements of Cash Flows
(unaudited)

	For the Three Months Ended March 31, <u>2010</u>	For the Three Months Ended March 31, <u>2009</u>
OPERATING ACTIVITIES		
Net income (loss)	\$ (525,136)	\$ (163,594)
Adjustments to reconcile net loss to net cash used by operating activities:		
Impairment of investments	-	900
Amortization and depreciation expense	23,731	24,022
Options and warrants granted	379,067	64,574
Contributed interest	5,543	6,703
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(22,531)	(8,498)
(Increase) decrease in accounts receivable-related parties	23,323	(19,222)
(Increase) decrease in inventory	(59,276)	(196)
(Increase) decrease in inventory deposits	2,261	(60,868)
Increase (decrease) in accounts payable and accrued expenses	94,178	95,150
Increase (decrease) in customer deposits	51,942	(38,695)
Increase (decrease) in accrued expenses-related parties	<u>(10,305)</u>	<u>64,186</u>
Net Cash Used in Operating Activities	<u>(37,203)</u>	<u>(35,538)</u>
INVESTING ACTIVITIES		
Purchase of intellectual property	(750)	-
Purchase of property and equipment	<u>-</u>	<u>(1,475)</u>
Net Cash Used in Investing Activities	<u>(750)</u>	<u>(1,475)</u>
FINANCING ACTIVITIES		
Repayment of note payable	<u>(24,395)</u>	<u>-</u>
Net Cash Used in Financing Activities	<u>(24,395)</u>	<u>-</u>
NET DECREASE IN CASH	(62,348)	(37,013)
CASH AT BEGINNING OF PERIOD	<u>78,991</u>	<u>46,471</u>
CASH AT END OF PERIOD	<u>\$ 16,643</u>	<u>\$ 9,458</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest	\$ 2,260	\$ -
Income Taxes	\$ 800	\$ 800
NON CASH FINANCING ACTIVITIES:		
Common stock issued for debt	\$ 7,500	\$ -

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

OMNITEK ENGINEERING CORP.

Condensed Notes to Financial Statements

March 31, 2010

(unaudited)

NOTE 1 - CONDENSED FINANCIAL STATEMENTS

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at March 31, 2010, and for all periods presented herein, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2009 audited financial statements. The results of operations for the periods ended March 31, 2010 and 2009 are not necessarily indicative of the operating results for the full years.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Use of 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.

Recent Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update 2010-02, Consolidation (Topic 810): Accounting and Reporting for Decreases in Ownership of a Subsidiary. This amendment to Topic 810 clarifies, but does not change, the scope of current US GAAP. It clarifies the decrease in ownership provisions of Subtopic 810-10 and removes the potential conflict between guidance in that Subtopic and asset derecognition and gain or loss recognition guidance that may exist in other US GAAP. An entity will be required to follow the amended guidance beginning in the period that it first adopts FAS 160 (now included in Subtopic 810-10). For those entities that have already adopted FAS 160, the amendments are effective at the beginning of the first interim or annual reporting period ending on or after December 15, 2009. The amendments should be applied retrospectively to the first period that an entity adopted FAS 160. The Company does not expect the provisions of ASU 2010-02 to have a material effect on the financial position, results of operations or cash flows of the Company.

In January 2010, the FASB issued Accounting Standards Update 2010-01, Equity (Topic 505): Accounting for Distributions to Shareholders with Components of Stock and Cash (A Consensus of the FASB Emerging Issues Task Force). This amendment to Topic 505 clarifies the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a limit on the amount of cash that will be distributed is not a stock dividend for purposes of applying Topics 505 and 260. Effective for interim and annual periods ending on or after December 15, 2009, and would be applied on a retrospective basis. The Company does not expect the provisions of ASU 2010-01 to have a material effect on the financial position, results of operations or cash flows of the Company.

OMNITEK ENGINEERING CORP.

Condensed Notes to Financial Statements

March 31, 2010

(unaudited)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

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 at March 31, 2010 and December 31, 2009 consisted of the following:

	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Location:		
San Marcos, CA		
Raw materials	\$ 946,884	\$ 1,034,923
Finished goods	633,535	486,220
Peru (finished goods)	18,454	18,454
Allowance for obsolete inventory	<u>(456,198)</u>	<u>(456,198)</u>
	<u>\$ 1,142,675</u>	<u>\$ 1,083,399</u>

The Company has established an allowance for obsolete inventory. Expense for obsolete inventory was \$- and \$232,395, for the three months ended March 31, 2010 and the year ended December 31, 2009, respectively.

Income Taxes

The Company accounts for income taxes in accordance with Accounting Standards Codification Topic 740, Income Taxes ("Topic 740"), which requires the recognition of deferred tax liabilities and assets at currently enacted tax rates for the expected future tax consequences of events that have been included in the financial statements or tax returns. A valuation allowance is recognized to reduce the net deferred tax asset to an amount that is more likely than not to be realized.

Topic 740 provides guidance on the accounting for uncertainty in income taxes recognized in a company's financial statements. Topic 740 requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements.

At the adoption date of November 1, 2007, the Company had no unrecognized tax benefit which would affect the effective tax rate if recognized. The Company includes interest and penalties arising from the underpayment of income taxes in the statements of operations in the provision for income taxes. As of December 31, 2009, the Company had no accrued interest or penalties related to uncertain tax positions. The Company files an income tax return 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 2006.

OMNITEK ENGINEERING CORP.

Condensed Notes to Financial Statements

March 31, 2010

(unaudited)

NOTE 4 - RELATED PARTY TRANSACTIONS

Accounts Receivable – Related Parties

During the years ended December 31, 2007 through 2009, the Company acquired a minority interest in various distributors in exchange for use of the Company's name and Logo. As of March 31, 2010, the Company owned a 15% interest in Omnitek Engineering Thailand Co. Ltd., a 20% interest in Omnitek Peru S.A.C. As of March 31, 2010, the Company was owed \$50,425, by related parties for the purchase of products.

Accounts Payable – Related Parties

The Company regularly incurs expenses that are paid for by related parties and purchases goods and services from related parties. As of March 31, 2010, the Company owed related parties for such expenses, goods and services in the amounts of \$7,960.

Accrued Expenses – Related Parties

As of March 31, 2010, related parties were owed \$368,045 for services performed for the Company. The Company recorded \$5,543 in imputed interest on the related party payable during the three months ended March 31, 2010. This amount was contributed to additional paid-in capital.

NOTE 5 - NOTE PAYABLE

As of March 31, 2010, the Company has a current note payable to Brad Birdwell, in the amount of \$59,764, which bears interest at 12% per annum. The note calls for the Company to make monthly payments of \$8,885 of principal and interest, with the final payment due October 15, 2010. The note is secured by 100,000 shares, of the Company's common stock and certain inventory parts. As stipulated by the note the 100,000 shares have been issued in the Company's name. Although issued, the shares are not considered outstanding. When the note is paid in full, the shares will be cancelled. If the Company defaults on the note, the rights of the collateral allow the collateral to be sold and the proceeds of the sales to be applied to the outstanding indebtedness, until the remaining amount due on the note is paid in full.

NOTE 6 - STOCK OPTIONS

During the three months ended March 31, 2010 and 2009, the Company recognized expense of \$379,067 and \$64,574, respectively, for options that vested during the periods pursuant to ASC Topic 718.

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 March 31, 2010 the Company has a total of 1,610,000 options issued under the plan. No options were issued under the plan during the periods ended March 31, 2010 and December 31, 2009.

OMNITEK ENGINEERING CORP.

Condensed Notes to Financial Statements

March 31, 2010

(unaudited)

NOTE 6 - STOCK OPTIONS (CONTINUED)

A summary of the status of the options and warrants granted at March 31, 2010 and December 31, 2009 and changes during the periods then ended is presented below:

	2010		2009	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	5,170,000	\$ 0.57	4,670,000	\$ 0.57
Granted	700,000	0.125	900,000	0.39
Expired or cancelled	(1,200,000)	0.44	(400,000)	0.125
Outstanding at end of period	<u>4,670,000</u>	<u>0.54</u>	<u>5,170,000</u>	<u>0.57</u>
Exercisable	<u>3,203,333</u>	<u>\$ 0.45</u>	<u>3,273,333</u>	<u>\$ 0.50</u>

A summary of the status of the options and warrants outstanding at March 31, 2010 is presented below:

Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
\$0.01-0.50	1,950,000	3.0 years	\$ 0.23	1,350,000	\$ 0.16
0.51-0.75	1,580,000	4.6 years	0.63	1,580,000	0.63
0.76-1.00	1,140,000	4.3 years	0.95	273,333	0.92
<u>\$0.01-1.00</u>	<u>4,670,000</u>	<u>3.9 years</u>	<u>\$ 0.54</u>	<u>3,203,333</u>	<u>\$ 0.45</u>

On January 5, 2010, the Company granted 700,000 previously expired options to a consultant. The fair value of the options granted was estimated on the date granted using the Black-Scholes pricing model, with the following assumptions used for the valuation: risk-free interest rate of 0.97%, expected dividend yield of zero, expected lives of one and one half years and expected volatility of 196.7%.

NOTE 7 - SUBSEQUENT EVENTS

In accordance with ASC 855-10 Company management reviewed all material events through the date of this report. There are no material subsequent events to report.