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STWA Reports 2014 Year-End Financial Results and Provides Operational Update

SANTA BARBARA, CA -- (Marketwired) -- 03/16/15 -- **Save The World Air, Inc., d/b/a STWA (the "Company")** (OTCQX: ZERO), a developer of integrated technology solutions for the energy industry, today announced its financial results for the fiscal year ended December 31, 2014.

Commenting on the Company's financial results and operational progress, Gregory Bigger, STWA's Chief Executive Officer and Chairman stated, "2014 marked a turning point in our Company's evolution as we successfully demonstrated the effectiveness of Applied Oil Technology ("AOT™"), after many years of product development, and realized our first revenues. We are now engaged with the largest energy infrastructure company in North America, conducting additional field tests to measure the effectiveness of viscosity reduction and believe 2015 will hold great promise for our Company. Additionally, we made significant progress in the development of our Joule Heat solution and see opportunities to expand our offering beyond the pipelines and with other potential industry partners. While we are still engaged heavily in R&D, this year's focus is on the continued optimization of our offerings and commercialization. Following a series of tests with customers around the world in the first half of this year, we should emerge in a stronger position operationally, and I would expect, with additional revenue streams. This has been one of my primary goals since becoming CEO. Every member of our team remains focused on enhancing shareholder value and while it has taken us longer than anticipated to get to this stage, I believe we are at the cusp of unlocking value."

The Company reported net sales of \$0.2 million for the year-ended December 31, 2014, which marks the first revenues received by the Company since its inception, as compared to \$0.0 million in the comparable year-ago period.

Operating expenses were \$3.3 million for the year ended December 31, 2014 as compared to \$11.9 million in the comparable year-ago period, a decrease of \$8.6 million or 72.3%. This decline is primarily attributable to lower non-cash expenses of \$7.3 million, which is a result of settlements paid through the issuance of stock, a decrease in valuation of warrants, options and common stock issues, lower depreciation, and reduced debt. Additionally, operating expenses declined \$1.3 million on a cash basis, as the Company took further steps to lower its annualized fixed costs, which resulted in lower salaries and benefit expenses, consulting fees and other general and administrative items.

Research and development ("R&D") expenses also declined for the comparable fiscal year periods. The Company reported R&D expenses of \$0.9 million for the year ended December 31, 2014 as compared to \$2.0 million in the comparable year-ago period. The decline was directly attributable to lower product prototype development costs and a reduction in general testing and development costs, partially offset by higher licensing and research fees. While still in the development stage for its various technologies, the Company is actively pursuing

commercial engagements with a number of parties and anticipates its R&D spend to decline, barring additional investments in both AOT and Joule Heat, the latter, a new technology solution based around new electrical heat systems to reduce oil viscosity.

As a result of net sales realized and lower expense levels in fiscal 2014, STWA saw significant improvements in its bottom-line performance. The Company reported a pre-tax net loss of \$4.0 million for the period ended December 31, 2014 as compared to \$10.7 million in the comparable year-ago period. Fiscal 2014 includes, among other items, a \$3.4 million gain on the extinguishment of derivative liabilities and there were no similar gains in fiscal 2014. Net loss and net loss per basic and diluted share were \$4.0 million and (\$0.02), respectively, for the period ended December 31, 2014 as compared to a net loss of \$10.7 million or a loss per basic and diluted share of (0.07) for the comparable fiscal 2013 period.

Mr. Bigger continued, "In 2015, we intend to continue the commercialization of our technologies, while working with industry and academia to further build out our solutions. Today, our product portfolio is dedicated to the crude oil production and transportation marketplace, with a specific-focus on enhancing flow-assurance parameters of new and existing pipeline gathering and transmission systems. Through both AOT and Joule Heat, we have solutions that can help reduce viscosity, increase the number of barrels of oil able to be transported, have a meaningful impact of reducing emissions, while helping operators become more efficient and profitable. This year, we intend to continue commercialization efforts in the midstream market for AOT and bring Joule Heat to market for upstream and gathering applications. The next few months will be critical in compiling data and we look forward to providing the market with further updates on our progress."

Fiscal 2014 Milestones

- In the second quarter of 2014, STWA generated revenues from its AOT technology for the first time since its inception. Revenues were received from one of the Company's customers and relate to an Equipment Lease Agreement, which has subsequently ended in the fourth quarter of 2014. The Company installed and tested four AOT Midstream vessels with a cumulative maximum flow capacity of 20,000 gallons per minute. STWA received a report from ATS Rheosystems, an independent third-party, validating the efficacy of the AOT technology in reducing viscosity of crude oil in high-flow, high-pressure, turbulent environments. The results of this test have also been used to improve the solution.

- In the third quarter of 2014, the Company entered into a new Equipment Lease/Option Purchase Agreement with the largest energy infrastructure company in North America. Equipment provided includes a single AOT Midstream pressure vessel with a maximum flow capacity of 5,000 gallons per minute. Equipment was delivered to this customer towards the end of the 2014 fourth quarter and AOT will be used on a primary crude and condensate pipeline serving the Eagle Ford in South Texas (known as the most active shale play in the world; currently producing over 870,000 barrels of crude oil and 220,000 barrels of condensate daily). As announced in March 2015, the companies are scheduled to begin testing the effectiveness of AOT shortly, with updates anticipated in the second half of 2015.

- Throughout 2014, STWA began commercial development of a suite of products based around the new electrical heat system which reduces oil viscosity through a process known as joule heat ("Joule Heat"). The Company is designing and optimizing the Joule Heat

technology for the upstream oil transportation market, and signed a field deployment agreement with an upstream operator to test its efficacy. Updates are anticipated by mid-year 2015.

- In the fourth quarter of 2014, STWA began trading on the OTCQX, the best marketplace for established global and growth companies operated by OTC Markets Group Inc.

Liquidity and Capital Resources

As of December 31, 2014, the Company had cash on hand of \$2.2 million as compared to \$2.4 million as of December 31, 2013. Management has taken aggressive steps over the past 12-15 months to lower its fixed expenses and R&D costs, and will continue to institute stringent cost control measures as it moves from the development stage to commercialization. The Company does anticipate that it will pursue some form(s) of strategic alternatives in 2015 as it seeks to improve its balance sheet and generate cash for further investments in its business.

Mr. Bigger concluded, "We've invested significant resources over the past several years and believe these investments will soon result in successful customer deployments, increased revenues and cash flow for our Company. With that said we are still developing our portfolio and looking to expand applications beyond the Midstream, while highlighting the clean tech benefits of our solutions. Additionally, with Joule Heat, I believe we have something unique in the marketplace with massive potential. However, additional resources will be needed this year to fund R&D initiatives and to be opportunistic in the market, whether in the form of partnerships and/or acquisitions and improving our working capital is one of our top priorities. I am fully committed to this Company and look forward to providing our investors with meaningful updates, most of which will be in the 2nd half of the year."

For further information about STWA, Inc., visit www.stwa.com, read our SEC filings at <https://ir.stockpr.com/stwa/all-sec-filings> and subscribe to Email Alerts at <https://ir.stockpr.com/stwa/email-alerts> to receive company news and shareholder updates.

Safe Harbor Statement:

Some of the statements in this release may constitute forward-looking statements under federal securities laws. Please visit the following link for our complete cautionary forward-looking statement: <http://www.stwa.com/site-info/disclaimer>

About Save the World Air, Inc. d/b/a STWA

Save The World Air, Inc. (STWA) (OTCQX: ZERO) provides the global energy industry with patent-protected industrial equipment designed to deliver measurable performance improvements to crude oil pipelines. Developed in partnership with leading crude oil production and transportation entities, STWA's high-value solutions address the enormous capacity inadequacies of domestic and overseas pipeline infrastructures that were designed and constructed prior to the current worldwide surge in oil production. In support of our clients' commitment to the responsible sourcing of energy and environmental stewardship, STWA combines scientific research with inventive problem solving to provide energy efficiency 'clean tech' solutions to bring new efficiencies and lower operational costs to the upstream, midstream and gathering sectors. More information is available at:

www.stwa.com.

The following files are available for download:

- [PDF](#)

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