

Save the World Air Provides Business Update and Reports Year to Date 2014 Financial Results

Webcast of the Business Update Available Today at 1:30 Pacific

SANTA BARBARA, CA -- (Marketwired) -- 08/11/14 -- Save The World Air, Inc. (d\bla STWA) (OTCQB: ZERO), a developer of integrated solutions for the energy industry, today provided a business update and announced financial results for the second quarter ended June 30, 2014.

"I am extremely pleased with our progress year to date," said Gregg Bigger, Chief Executive Officer and Chairman of the Board. "We have achieved several major milestones for STWA including our testing programs with two current customers.

"Looking ahead, our goals include continuing testing with our customer, installing the second AOT system as well as a joule heat system with a potential customer for testing, continuing to make inroads with potential customers in the U.S. and Canada as well as exploring opportunities for acquisitions that could be complementary to our core operations and/or drive revenue that is accretive to the business. I believe we are well on our way to creating a business that capitalized on meeting the growing demand for flow technologies in the oil & gas industry," said Bigger.

Financial Results for the Six Months Ended June 30, 2014(All comparisons are for the six months ended June 30, 2014 compared with the six months ended June 30, 2013, unless otherwise stated. For details, please refer to the Company's Form 10-Q filed on August 11, 2014.)

- Total revenues were \$60,000. The Company did not record revenues in the prior six-month period.
- Operating expenses declined by 33% to \$1.8 million, compared with \$2.7 million in 2013, due to a decrease in cash and non-cash expenses.
- Research and development costs declined 22% to \$595,000, compared with \$759,000 in 2013.
- Net loss totaled \$2.4 million, or \$0.01 per share, compared with a net loss of \$338,000, or \$0.0 per share for the first six months of 2013.
- Cash and equivalents at June 30, 2014 totaled \$3.4 million. Taking into current cost-cutting measures, the Company believes its cash balance is sufficient to meet operational needs through June 2015. Management is currently exploring additional working capital resources.
- Solidified the management team overseen by a strong independent board of directors, each of whom has deep industry expertise and business acumen.
- Engaged new investor relations and corporate communications teams to build awareness for the Company and the investment potential through concerted and well

orchestrated investor relations programming, support the goal of maximizing shareholder value and achieving quality communications across a number of channels.

To listen to the pre-recorded business update webcast, please visit the investor relations section of the STWA website.

About STWA

STWA is a developer and vendor of commercial flow assurance solutions designed to deliver operational benefits to the global energy industry. As a trusted partner and certified supplier to oil producers and transporters here in North America and globally, STWA designs and manufactures industrial-grade equipment for improving the efficiencies and economics of the upstream, gathering and midstream energy sectors. During the recent unprecedented expansion of the energy industry made possible by enhanced crude recovery techniques, STWA has diligently prepared a stable, robust foundation for growth, and is currently entering the market collaboratively with several leading entities within this market. More information is available at: www.stwa.com.

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 STWA's complete cautionary forward-looking statement: [STWA Safe Harbor](#)

SAVE THE WORLD AIR, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

| | June 30 2014 (unaudited) | December 31 2013 |
|--|---|-----------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 3,314,322 | \$ 4,137,068 |
| Other current assets | 53,690 | 56,930 |
| Total current assets | 3,368,012 | 4,193,998 |
| Property and Equipment, net of accumulated depreciation of \$40,267 and \$33,355 at June 30, 2014 and December 31, 2013 respectively | 28,859 | 35,771 |
| Other assets | 5,830 | 5,830 |
| Total assets | \$ 3,402,701 | \$ 4,235,599 |

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

| | | |
|---|------------|------------|
| Accounts payable-license agreements | \$ 343,907 | \$ 185,450 |
| Accounts payable-other | 97,628 | 184,597 |
| Accrued expenses and accounts payable-related parties | 428,353 | 662,028 |
| Accrued expenses-other | 123,857 | 128,208 |
| Total current liabilities | 993,745 | 1,160,283 |

Stockholders' equity

Common stock, \$.001 par value: 300,000,000 shares
authorized 180,603,764 and 176,242,817 shares issued
and outstanding at June 30, 2014 and December 31,
2013, respectively

| | | |
|---|----------------------------|----------------------------|
| | 180,604 | 176,243 |
| Additional paid-in capital | 97,679,081 | 95,937,936 |
| Accumulated deficit | (95,450,729) | (93,038,863) |
| Total stockholders' equity | <u>2,408,956</u> | <u>3,075,316</u> |
| Total liabilities and stockholders' equity | <u><u>\$ 3,402,701</u></u> | <u><u>\$ 4,235,599</u></u> |

SAVE THE WORLD AIR, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS, UNAUDITED

| | Three months ended June 30 | | Six months ended June 30 | |
|--|---------------------------------------|------------------------------|-------------------------------------|----------------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Revenues | <u>\$ 60,000</u> | <u>\$ -</u> | <u>\$ 60,000</u> | <u>\$ -</u> |
| Operating expenses | <u>924,628</u> | <u>1,541,866</u> | <u>1,849,615</u> | <u>2,754,750</u> |
| Research and development expenses | <u>142,964</u> | <u>430,202</u> | <u>594,951</u> | <u>759,257</u> |
| Loss before other income (expense) | <u>(1,007,592)</u> | <u>(1,972,068)</u> | <u>(2,384,566)</u> | <u>(3,514,007)</u> |
| Other income (expense) | | | | |
| Other income (loss) | - | 4,950 | (26,500) | (23,895) |
| Interest and financing expense | - | - | - | (260) |
| Change in fair value of derivative liabilities | - | - | - | (220,614) |
| Gain on extinguishment of derivative liabilities | - | - | - | 3,441,752 |
| Gain on disposition of equipment | - | 46,968 | - | 46,968 |
| Settlement of litigation and debt | - | - | - | (67,294) |
| Net loss before provision for income taxes | <u>(1,007,592)</u> | <u>(1,920,150)</u> | <u>(2,411,066)</u> | <u>(337,350)</u> |
| Provision for income taxes | 800 | 800 | 800 | 800 |
| Net loss | <u><u>\$ (1,008,392)</u></u> | <u><u>\$ (1,920,950)</u></u> | <u><u>\$ (2,411,866)</u></u> | <u><u>\$ (338,150)</u></u> |
| Net loss per common share, basic and diluted | <u><u>\$ (0.01)</u></u> | <u><u>\$ (0.01)</u></u> | <u><u>\$ (0.01)</u></u> | <u><u>\$ (0.00)</u></u> |
| Weighted average common shares outstanding, basic and diluted | <u><u>180,560,764</u></u> | <u><u>159,896,258</u></u> | <u><u>179,954,724</u></u> | <u><u>155,084,826</u></u> |

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Source: Save The World Air, Inc.