

May 15, 2013



MagneGas Reports Financial Results For 1st Quarter 2013

TAMPA, Fla., May 15, 2013 /PRNewswire/ -- MagneGas Corporation ("MagneGas" or the "Company") (NASDAQ: MNGA), the developer of a technology that converts liquid waste into a hydrogen-based metal working fuel, today announced its financial results for the fiscal quarter ended March 31, 2013. During the period, the Company focused its domestic business development strategy on expanding retail gas sales capabilities. Internationally, the Company pursued the sale of equipment for liquid sterilization and fuel production. Additionally, MagneGas actively recruited new management and board members with specific industry experience in relevant market sectors.

Beginning in January of 2013, the Company changed its domestic fuel sales strategy from that of wholesale distribution to direct retail sales. To that end, it became a full service gas provider by selling hard goods and other gases to complement MagneGas sales in the metal working market. The Company began a focus on the fabrication market as opposed to steel recycling centers, where a recent drop in steel pricing has negatively impacted fuel demand. In order to expedite this strategy, the Company has hired several new retail gas salespeople and a new Vice President of Industrial Gas Sales, Bryan George. Mr. George brings over 20 years of direct industry experience working with multinational companies such as AirGas, Inc. and Matheson Tri-Gas, Inc. The Company believes his expertise in bringing new fuels to market will have a direct impact on MagneGas market penetration. Internationally, the Company continues to develop several potential equipment sales in the sewage sterilization and waste to energy sectors and it has enhanced its relationship with a large state university to become a demonstration and testing center for equipment sales.

March 31, 2013 Financial Highlights:

- Total revenues of \$130,840 for March 31, 2013 as compared to \$131,983 for the same period prior year;
- Metal cutting revenue remained flat at \$107,507 for March 31, 2013 as compared to \$108,650 for the same period prior year;
- Operating expenses increased to \$1,631,050 for March 31, 2013 versus \$759,248 for the same period 2012, and;
- The Company had an ending cash balance of \$453,068 on March 31, 2013 versus \$1,470,642 on December 31, 2012.

March 31, 2013 Business Highlights:

- The contract with Clear Sky Energy from Mexico was signed and a \$100,000 deposit received;
- Strategic partnerships with General Motors, US Navy, two metropolitan fire departments and a large state university progressed;
- MagneGas forged alliances with a major industrial gas supplier and a hard good supplier to become a full service provider of metal cutting fuels, such as oxygen, argon and other gases.

March 31, 2013 Financial Results

For the fiscal quarter ended March 31, 2013, revenues were \$130,840, as compared to \$131,983 for the same period in 2012. Metal cutting revenue remained flat at \$107,507 for the quarter ended March 31, 2013, as compared to \$108,650 for the quarter ended March 31, 2012. This was primarily due to the change in the Company's sales strategy from wholesale to retail and the ramp up period required with a new sales force and new products.

Operating expenses increased 241% from \$759,248 for the quarter ended March 31, 2012 to \$1,631,050 for the quarter ended March 31, 2013. This increase was due to the deployment of three refineries in Michigan and Florida during 2012 and the operating costs associated with those facilities. In addition, stock based compensation increased from \$5,998 for the quarter ended March 31, 2012 to \$399,800 for the quarter ended March 31, 2013. This increase was primarily due to stock option plans instituted for the executives and management team. The Company had an operating loss of \$694,362 for the quarter ended March 31, 2012, as compared to an operating loss of \$1,564,713 for the quarter ended March 31, 2013.

The Company continued to show progress in various strategic and sales relationships announced in its Annual Report on Form 10-K. An update to these relationships is as follows:

- The US Navy continues to be interested in MagneGas fuel for metal cutting applications such as in the decommissioning of ships and the Company has provided further testing data as requested. In addition, the Navy has held several meetings with the Company to test the use of the Plasma Arc Flow technology for applications such as treating used oils and other liquid wastes at forward bases. The Navy is in the process of obtaining funding in order to progress the liquid waste segment of the relationship with the Company.
- The Company is working with General Motors to test various liquid wastes for processing and conversion to MagneGas in order to fuel several possible internal projects. This testing continued during the first quarter of 2013 and several liquids were analyzed and tested.
- The Company is working with a large state university to develop a testing and demonstration center for the MagneGas technology with an initial focus on agricultural waste to fuel processing. The university is in the process of obtaining funding for this project.
- The Company is working with two major metropolitan fire departments to test MagneGas as a replacement to acetylene and other cutting systems used by firefighters. One fire department has ordered fuel samples for further testing and the other developed a training video for the use of MagneGas by firefighters.

The MagneGas IR App is now available for free in Apple's App Store for the iPhone or iPad <http://bit.ly/AfLYww> and at Google Play <http://bit.ly/Km2iyk> for Android mobile devices.

To be added to the MagneGas investor email list, please email pcarlson@kcsa.com with "MNGA" in the subject line.

About MagneGas Corporation

Founded in 2007, Tampa-based MagneGas Corporation (NASDAQ: MNGA) is the producer of MagneGas™, a natural gas alternative and metal working fuel that can be made from certain industrial, municipal, agricultural and military liquid wastes following the receipt of appropriate governmental permits.

The Company's patented Plasma Arc Flow™ process gasifies liquid waste, creating a clean burning hydrogen based fuel that is essentially interchangeable with natural gas. MagneGas™ can be used for metal working, cooking, heating, powering bi fuel automobiles and more. For more information on MagneGas, please visit the Company's website at www.MagneGas.com.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements as defined within Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to future events, including our ability to raise capital, or to our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. You should not place undue reliance on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could, and likely will, materially affect actual results, levels of activity, performance or achievements. Any forward-looking statement reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. The Company is currently using new ethylene glycol to produce fuel until proper permits to process used liquid waste have been obtained.

For a discussion of these risks and uncertainties, please see our filings with the Securities and Exchange Commission. Our public filings with the SEC are available from commercial document retrieval services and at the website maintained by the SEC at <http://www.sec.gov>.

Balance Sheets

	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	\$ 453,068	\$ 1,470,642
Accounts receivable, net of allowance for doubtful accounts of \$61,792 and \$61,792, respectively	142,902	119,207
Inventory, at cost	1,035,412	961,984
Prepaid and other current assets	134,444	106,600
Total Current Assets	1,765,826	2,658,433
 Property and equipment, net of accumulated depreciation of \$603,876 and \$448,302, respectively	 7,094,330	 7,193,371
 Deferred tax asset	 -	 -
Intangible assets, net of accumulated amortization of \$212,095 and \$199,978, respectively	514,905	527,022
Investment in joint ventures	490,410	490,410
Security deposits	2,551	2,151
Total Assets	\$ 9,868,022	\$ 10,871,387
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 581,479	\$ 483,688
Accrued expenses	83,059	95,856
Deferred revenue and customer deposits	209,997	233,330
Customer Deposits	100,000	-
Due to stockholder	-	-
Due to related parties	-	-
Total Current Liabilities	974,535	812,874
 Total Liabilities	 974,535	 812,874
Stockholders' Equity		
Preferred stock: \$0.001 par; 10,000,000 authorized; 1,000,000 issued and outstanding	1,000	1,000
Common stock: \$0.001 par; 900,000,000 authorized; 20,115,019 and 20,042,616 issued and outstanding, respectively	20,115	20,043
Additional paid-in capital	22,674,569	22,284,841
Issued and unearned stock compensation	(3,333)	(13,333)
Accumulated deficit	(13,798,864)	(12,234,039)
Total Stockholders' Equity	8,893,487	10,058,512
 Total Liabilities and Stockholders' Equity	 \$ 9,868,022	 \$ 10,871,387

**MagneGas Corporation
Statements of Operations
(Unaudited)**

	Three Months Ended March 31,	
	2013	2012
Revenue:	\$ 130,840	\$ 131,983
 Direct costs, metal cutting	 64,504	 65,475
	66,336	66,508
Operating Expenses:		
General and administration	994,380	596,796

Investor relations	55,889	35,282
Stock-based compensation	399,800	5,998
Research and development	13,290	49,657
Depreciation and amortization	<u>167,691</u>	<u>71,515</u>
Total Operating Expenses	<u>1,631,050</u>	<u>759,248</u>
Operating Income (Loss)	(1,564,714)	(692,740)
Other Income and (Expense):		
Interest	<u>(111)</u>	<u>(1,622)</u>
Total Other Income (Expense)	<u>(111)</u>	<u>(1,622)</u>
Net Income (Loss) before tax benefit	(1,564,825)	(694,362)
Provision for Income Taxes	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ (1,564,825)</u>	<u>\$ (694,362)</u>
Net Loss per share:		
Basic and diluted	<u>\$ (0.07)</u>	<u>\$ (0.04)</u>
Weighted average common shares:		
Basic and diluted	<u>20,081,935</u>	<u>15,473,188</u>

SOURCE MagneGas Corporation