UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2014
or

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 0-29185

SAVE THE WORLD AIR, INC.
(Exact name of registrant as specified in its charter)

Nevada	**52-2088326**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

735 State Street, Suite 500
Santa Barbara, California 93101
(Address, including zip code, of principal executive offices)
(805)-845-3561
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act: None.

Securities registered pursuant to Section 12(g) of the Exchange Act: Common Stock, $0.001 par value.

Check whether the Registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the Registrant's Common Stock outstanding as of November 3, 2014 was 180,953,764.

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PART I – FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements

SAVE THE WORLD AIR, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS		September 30 2014 (unaudited)		December 31 2013
Current assets:				
Cash	$	2,641,734	$	4,137,068
Accounts receivable		60,000		–
Other current assets		49,326		56,930
Total current assets		2,751,060		4,193,998
Property and Equipment, net of accumulated depreciation of $43,723 and $33,355 at September 30, 2014 and December 31, 2013, respectively		25,403		35,771
Other assets		5,830		5,830
Total assets	$	2,782,293	$	4,235,599
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable-license agreements	$	326,094	$	185,450
Accounts payable-other		46,962		184,597
Accrued expenses and accounts payable-related parties		327,374		662,028
Accrued expenses-other		123,986		128,208
Total current liabilities		824,416		1,160,283
Commitments and contingencies				
Stockholders' equity				
Common stock, $.001 par value: 300,000,000 shares authorized 180,953,764 and 176,242,817 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively		180,954		176,243
Additional paid-in capital		97,943,426		95,937,936
Accumulated deficit		(96,166,503)		(93,038,863)
Total stockholders' equity		1,957,877		3,075,316
Total liabilities and stockholders' equity	$	2,782,293	$	4,235,599

See notes to condensed consolidated financial statements.

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

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Revenues	$ 180,000	$ –	$ 240,000	$ –
Operating expenses	(749,680)	(1,750,766)	(2,599,295)	(4,505,526)
Research and development expenses	(146,094)	(563,559)	(741,045)	(1,322,816)
Loss before other income (expense)	(715,774)	(2,314,325)	(3,100,340)	(5,828,342)
Other income (expense)				
Other income (loss)	–	–	(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	–	6,000	–	52,968
Settlement of litigation and debt	–	–	–	(67,294)
Net loss before provision for income taxes	(715,774)	(2,308,325)	(3,126,840)	(2,645,685)
Provision for income taxes	–	–	800	800
Net loss	$ (715,774)	$ (2,308,325)	$ (3,127,640)	$ (2,646,485)
Net loss per common share, basic and diluted	$ (0.00)	$ (0.01)	$ (0.02)	$ (0.02)
Weighted average common shares outstanding, basic and diluted	180,695,547	165,168,368	180,204,377	158,515,065

See notes to condensed consolidated financial statements.

SAVE THE WORLD AIR, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY, UNAUDITED
NINE MONTHS ENDED SEPTEMBER 30, 2014

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance, December 31, 2013	176,242,817	$ 176,243	$ 95,937,936	$ (93,038,863)	$ 3,075,316
Common stock issued upon exercise of warrants and options, net	4,710,947	4,711	1,408,573	–	1,413,284
Fair value of options and warrants issued as compensation			596,917	–	596,917
Net loss				(3,127,640)	(3,127,640)
Balance, September 30, 2014	180,953,764	$ 180,954	$ 97,943,426	$ (96,166,503)	$ 1,957,877

See notes to condensed consolidated financial statements.

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

	Nine months ended September 30	
	2014	2013
Cash flows from Operating Activities		
Net loss	$ (3,127,640)	$ (2,646,485)
Adjustments to reconcile net loss to net cash used in operating activities:		
Settlement of litigation and debt	–	67,294
Stock based compensation expense	596,917	1,832,567
Issuance of common stock for services	–	49,000
Change in fair value of derivative liabilities	–	220,614
Gain on extinguishment of derivative liabilities	–	(3,441,752)
Gain on disposition of assets	–	(52,968)
Depreciation and amortization	10,368	11,943
Changes in operating assets and liabilities:		
Accounts receivable	(60,000)	–
Prepaid expenses and other current assets	7,604	14,551
Other assets	–	4,500
Accounts payable and accrued expenses	(141,857)	(150,269)
Accounts payable – license agreements	140,644	(117,118)
Accounts payable and accrued expenses – related parties	(334,654)	(142,384)
Net cash used in operating activities	(2,908,618)	(4,350,507)
Cash flows from investing activities		
Purchase of equipment	–	(7,573)
Proceeds from sale of equipment	–	27,500
Net cash provided by investing activities	–	19,927
Cash flows from financing activities		
Net proceeds from exercise of warrants and options	1,413,284	6,553,100
Net cash provided by financing activities	1,413,284	6,553,100
Net (decrease) increase in cash	(1,495,334)	2,222,520
Cash, beginning of period	4,137,068	1,601,791
Cash, end of period	$ 2,641,734	$ 3,824,311

SUPPLEMENTAL DISCLOSURES

	Nine months ended September 30	
	2014	2013
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	$ –	$ 260
Income Taxes	$ –	$ –

See notes to condensed consolidated financial statements.

Description of Business

Save The World Air, Inc. ("STWA", "Company") was incorporated on February 18, 1998, as a Nevada Corporation under the name Mandalay Capital Corporation. The Company changed its name to Save the World Air, Inc. on February 11, 1999. The Company's common stock is quoted under the symbol "ZERO" on the Over-the-Counter Bulletin Board. More information including the Company's fact sheet, logos and media articles are available at our corporate website, www.stwa.com.

Save The World Air, Inc. develops and commercializes energy efficiency technologies that assist in meeting increasing global energy demands, improving the economics of oil extraction and transport, and reducing greenhouse gas emissions. The Company's intellectual property portfolio includes 48 domestic and international patents and patents pending, a substantial portion of which have been developed in conjunction with and exclusively licensed from Temple University of Philadelphia, PA ("Temple"). STWA's primary technology is called Applied Oil Technology™ (AOT™), a commercial-grade crude oil pipeline transportation flow-assurance product. AOT™ has been proven in U.S. Department of Energy tests to increase the energy efficiency of oil pipeline pump stations.

In 2014, the Company 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 plans to begin field-testing with commercial entities in the fourth quarter of 2014. The Company filed two additional provisional patents related to the technology's method and apparatus in the second quarter and fourth quarter of 2013, respectively. The first of the two provisional patents was finalized and submitted to non-provisional status on April 29, 2014. The second of the two provisional patents is scheduled to be finalized and submitted to non-provisional status at the end of the third quarter 2014.

The Company was considered a development stage company through March 31, 2014. In June 2014, as discussed in Note, 2, the Financial Accounting Standards Board issued new guidance that removed incremental financial reporting requirements from generally accepted accounting principles in the United States for development stage entities. The Company adopted this new guidance, and as a result, all inception-to-date financial information and disclosures have been omitted from this report.

Consolidation Policy

The accompanying condensed consolidated financial statements of Save the World Air, Inc. and Subsidiary include the accounts of Save the World Air, Inc. (the Parent) and its wholly owned subsidiary STWA Asia Pte. Limited, incorporated on January 17, 2006. Intercompany transactions and balances have been eliminated in consolidation.

Reclassification

In presenting the Company's statement of operations for the nine-month period ended September 30, 2013, the Company reclassified certain salary and consulting expenses in the aggregate of $44,500 that were previously reflected as operating expenses to research and development expenses.

1. Summary of Significant Accounting Policies

Going Concern

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying consolidated financial statements, the Company had a net loss of $3,127,640 and a negative cash flow from operations of $2,908,618 for the nine month period ended September 30, 2014 and an accumulated deficit of $96,166,503 as of September 30, 2014. These factors raise substantial doubt about the Company's ability to continue as a going concern. In addition, the Company's independent registered public accounting firm, in its report on the Company's December 31, 2013 financial statements, has raised substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

At September 30, 2014, the Company had cash on hand in the amount of $2,641,734. Management expects that the current funds on hand will be sufficient to continue operations through September 2015. Management is currently seeking additional funds, primarily through the issuance of debt and equity securities for cash to operate our business, including without limitation the expenses it will incur in connection with the license and research and development agreements with Temple; costs associated with product development and commercialization of the Company's technologies; costs to manufacture and ship the products; costs to design and implement an effective system of internal controls and disclosure controls and procedures; costs of maintaining our status as a public company by filing periodic reports with the SEC and costs required to protect our intellectual property. In addition, as discussed below, the Company has substantial contractual commitments, including without limitation salaries to our executive officers pursuant to employment agreements, certain severance payments to former officers and consulting fees, during the remainder of 2014 and beyond.

No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing or cause substantial dilution for our stockholders, in case of equity financing.

Basic and Diluted Income (loss) per share

Our computation of earnings per share ("EPS") includes basic and diluted EPS. Basic EPS is measured as the income (loss) available to common stockholders divided by the weighted average common shares outstanding for the period. Diluted income (loss) per share reflects the potential dilution, using the treasury stock method, that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the income (loss) of the Company as if they had been converted at the beginning of the periods presented, or issuance date, if later. In computing diluted income (loss) per share, the treasury stock method assumes that outstanding options and warrants are exercised and the proceeds are used to purchase common stock at the average market price during the period. Options and warrants may have a dilutive effect under the treasury stock method only when the average market price of the common stock during the period exceeds the exercise price of the options and warrants. Potential common shares that have an antidilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

Income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the respective periods. Basic and diluted (loss) per common share is the same for periods in which the Company reported an operating loss because all warrants and stock options outstanding are anti-dilutive.

At September 30, 2014 and 2013, we excluded the outstanding securities summarized below, which entitle the holders thereof to acquire shares of common stock as their effect would have been anti-dilutive.

	September 30, 2014	September 30, 2013
Options	20,757,030	27,370,917
Warrants	5,421,050	18,194,322
Total	26,178,080	45,565,239

Stock-Based Compensation

The Company periodically issues stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. The Company accounts for stock option and warrant grants issued and vesting to employees based on the authoritative guidance provided by the Financial Accounting Standards Board whereas the value of the award is measured on the date of grant and recognized over the vesting period. The Company accounts for stock option and warrant grants issued and vesting to non-employees in accordance with the authoritative guidance of the Financial Accounting Standards Board (FASB) whereas the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Non-employee stock-based compensation charges generally are amortized over the vesting period on a straight-line basis. In certain circumstances where there are no future performance requirements by the non-employee, option grants are immediately vested and the total stock-based compensation charge is recorded in the period of the measurement date.

The fair value of the Company's stock option and warrant grants is estimated using the Black-Scholes Option Pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the stock options or warrants, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes Option Pricing model, and based on actual experience. The assumptions used in the Black-Scholes Option Pricing model could materially affect compensation expense recorded in future periods.

Business and Credit Concentrations

The Company's cash balances in financial institutions at times may exceed federally insured limits. As of September 30, 2014 and December 31, 2013, before adjustments for outstanding checks and deposits in transit, the Company had $2,641,734 and $4,143,367, respectively, on deposit with two banks. The deposits are federally insured up to $250,000 at each bank. The Company believes that no significant concentration of credit risk exists with respect to these cash balances because of its assessment of the creditworthiness and financial viability of these financial institutions.

Revenue Recognition

Revenues are recognized when persuasive evidence of an agreement exists; delivery has occurred, including transfer of title and risk of loss for product sales, or services have been rendered for service revenues; the price to the buyer is fixed or determinable; and collectability is reasonably assured. Lease revenue is recognized as earned.

The Company has entered into short-term leases as lessor to test the effectiveness of certain of the Company's prototype equipment. At September 30, 2014, all leases were accounted for as operating leases. Lease revenue for these short-term leases is accounted for over the test period on a straight line basis. If the Company's equipment is eventually accepted for longer-term leases the Company will evaluate the lease transactions in accordance with FASB Accounting Standards Codification (ASC) Topic 840, Leases, to determine classification of the leases as operating, financing or sales-type leases.

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. Certain significant estimates were made in connection with preparing the Company's financial statements. This includes certain inputs to the Black-Scholes Option Pricing model used to value options and warrants to purchase stock and derivative liabilities. Actual results could differ from those estimates.

Research and Development Costs

Costs incurred for research and development are expensed as incurred. Purchased materials that do not have an alternative future use are also expensed. Furthermore, costs incurred in the construction of prototypes with no certainty of any alternative future use and established commercial uses are also expensed.

Fair Value of Financial Instruments

Effective January 1, 2008, fair value measurements are determined by the Company's adoption of authoritative guidance issued by the FASB, with the exception of the application of the statement to non-recurring, non-financial assets and liabilities as permitted. The adoption of the authoritative guidance did not have a material impact on the Company's fair value measurements. Fair value is defined in the authoritative guidance as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy was established, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs, other than the quoted prices in active markets, are observable either directly or indirectly.

Level 3—Unobservable inputs based on the Company's assumptions.

The Company is required to use observable market data if such data is available without undue cost and effort.

The estimated fair value of certain financial instruments, including cash and cash equivalents, accounts receivable and accounts payable and accrued expenses, are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments

Recent Accounting Pronouncements

On August 27, 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted.

On June 10, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-10 (ASU 2014-10), Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation. ASU 2014-10 eliminates the requirement to present inception-to-date information about income statement line items, cash flows, and equity transactions, and clarifies how entities should disclosure the risks and uncertainties related to their activities. ASU 2014-10 also eliminates an exception provided to development stage entities in Consolidations (ASC Topic 810) for determining whether an entity is a variable interest entity on the basis of the amount of investment equity that is at risk. The presentation and disclosure requirements in Topic 915 will no longer be required for interim and annual reporting periods beginning after December 15, 2014, and the revised consolidation standards will take effect in annual periods beginning after December 15, 2015. Early adoption is permitted. The Company adopted the provisions of ASU 2014-10 on June 30, 2014, and accordingly, is no longer presenting the inception-to-date financial information and disclosures formerly required.

On May 28, 2014, the FASB issued Accounting Standards Update No. 2014-09 (ASU 2014-09), Revenue from Contracts with Customers. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company does not expect the adoption of this guidance to have any impact on the Company’s consolidated financial statement presentation or disclosures.

In April 2014, the FASB issued Accounting Standards Update No. 2014-08 (ASU 2014-08), Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360). ASU 2014-08 amends the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations or that have a major effect on the Company's operations and financial results should be presented as discontinued operations. This new accounting guidance is effective for annual periods beginning after December 15, 2014. The Company does not expect the adoption of this guidance to have any impact on the Company’s consolidated financial statement presentation or disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statement presentation or disclosures.

Accrued Expenses and Accounts Payable - Related Parties

As of September 30, 2014 and December 31, 2013, the Company accrued the unpaid salaries, unused vacation and the corresponding payroll taxes of officers in the aggregate of $322,874 and $576,159, respectively. Included in these accruals at September 30, 2014 and December 31, 2013 are the unpaid salaries of the former Chief Executive Officer (CEO) of the Company of $43,750 and $306,250, respectively, and unpaid salaries of the former President and current member of the Company’s Board of Directors of $150,429 and $195,429, respectively. The Company agreed to monthly payments ranging from $5,000 up to $29,167 to these officers until their unpaid salaries are fully settled.

As of September 30, 2014 and December 31, 2013, the Company had accounts payable to related parties in the amount of $4,500 and $85,869 respectively. These amounts are unpaid Committee Fees and unpaid Company expenses incurred by Officers and Directors.

Consulting Fees Paid to Related Party

The Company incurred consulting fees of $45,000 to a consulting firm controlled by a member of our Board of Directors in each of the nine-month periods ending September 30, 2014 and 2013, and $15,000 in each of the three-month periods ended September 30, 2014 and 2013.

2. Property and Equipment

At September 30, 2014 and December 31, 2013, property and equipment consists of the following:

	September 30, 2014	December 31, 2013
Office equipment	$ 65,051	$ 65,051
Furniture and fixtures	4,075	4,075
	69,126	69,126
Accumulated depreciation	(43,723)	(33,355)
Total	$ 25,403	$ 35,771

For the three and nine month periods ended September 30, 2014, depreciation expense was $3,456 and $10,368, respectively. For the three and nine month periods ended September 30, 2013, depreciation expenses was $3,903 and $11,943 for, respectively.

3. Research and Development

The Company has developed a technology called Applied Oil Technology (AOT), which is designed to enhance the flow of crude oil through pipelines.

For the three and nine month periods ended September 30, 2014, total expenses incurred on research, testing and development of the AOT™ Midstream commercial design and new product development amounted to $146,094 and $741,045, respectively and are reflected as research and development expenses on the accompanying condensed consolidated statements of operations. For the three and nine month periods ended September 30, 2013, such expenses totaled $563,559 and $1,322,816, respectively.

For the three and nine month periods ended September 30, 2014 and 2013, the following are the major components of the Company’s Research and Development expenses:

AOT Prototype

Total expenses incurred during the three and nine month periods ended September 30, 2014 amounted to $54,708 and $ 458,706, respectively. Total expenses incurred during the three and nine month periods ended September 30, 2013 amounted to $458,706. The cost of these prototypes was expensed as incurred because of the uncertainty of recovery and the imprecise nature of prototypes. The prototypes were developed to be used in leases the Company signed with TransCanada Keystone Pipeline, L.P. ("TransCanada") and Kinder Morgan Crude & Condensate, LLC (“Kinder Morgan”) (see Note 4).

AOT Testing

The Company constructs, develops and tests the AOT technology prototypes through the assistance of various third party entities. Costs incurred and expensed include fees such as U.S. Department of Energy testing fees, purchase of test equipment, pipeline pumping equipment, crude oil tank batteries, viscometers, SCADA systems, computer equipment, payroll and other related equipment and various logistical expenses for the purposes of evaluating and testing the Company’s AOT prototypes.

During the three and nine month periods ended September 30, 2014, the Company recognized $12,167 and $44,682, respectively, of AOT testing expenses. During the three and nine month periods ended September 30, 2013, the Company recognized $ 55,835 and $ 577,944, respectively, of such costs.

Temple University Licensing Agreements

On August 1, 2011, the Company and Temple University (“Temple”) entered into two (2) exclusive License Agreements (collectively, the “License Agreements”) relating to Temple’s patent applications, patents and technical information pertaining to technology associated with an electric and/or magnetic field assisted fuel injector system (the “First Temple License”), and to technology to reduce crude oil viscosity (the “Second Temple License”). The License Agreements are exclusive and the territory licensed to the Company is worldwide and replace previously issued License Agreements.

Pursuant to the two licensing agreements, the Company agreed to pay Temple the following: (i) non-refundable license maintenance fee of $300,000; (ii) annual maintenance fees of $187,500; (iii) royalty fee ranging from 4% up to 7% from revenues generated from the licensing agreements; and (iv) 25% of all revenues generated from sub-licensees to secure or maintain the sub-license or option thereon. Under terms of the License Agreements, the royalty is credited against the annual maintenance fees. As such, no royalty is due until the total value of royalties earned in any calendar year exceeds the annual maintenance fee. Temple also agreed to cancel $37,500 of the amount due if the Company agrees to fund at least $250,000 in research or development of Temple's patent rights licensed to the Company. The term of the licenses commenced in August 2011 and will expire upon the expiration of the patents. The agreement can also be terminated by either party upon notification under terms of the licensing agreements or if the Company ceases the development of the patent or fails to commercialize the patent rights.

During the three and nine month periods ended September 30, 2014 total expenses recognized pursuant to these two agreements amounted to $46,875 and $140,625, respectively. During the three and nine month periods ended September 30, 2013, total such expenses amounted to $46,875 and $140,625, respectively. These expenses have been reflected in Research and Development expenses on the accompanying consolidated statement of operations.

As of September 30, 2014 and December 31, 2013, total unpaid fees due to Temple pursuant to these agreements amounted to $293,750 and $153,125, respectively, which are included as part of Accounts Payable – licensing agreement in the accompanying consolidated balance sheets.

Temple University Sponsored Research Agreement

On March 19, 2012, the Company entered into a Sponsored Research Agreement ("Research Agreement") with Temple University ("Temple"), whereby Temple, under the direction of Dr. Rongjia Tao, will perform ongoing research related to the Company's AOT device (the "Project"), for the period April 1, 2012, through April 1, 2014. All rights and title to intellectual property resulting from Temple's work related to the Project shall be subject to the exclusive License Agreements between Temple and the Company, dated August 1, 2011. In exchange for Temple's research efforts on the Project, the Company has agreed to pay Temple $500,000, payable in quarterly installments of $62,500.

In August 2013, the Company and Temple amended the Research Agreement. Under the amended agreement, parties agreed that total cost for Phase 1 of the agreement expenses incurred in prior periods was $241,408, of which, $187,500 was already recognized in prior year and total cost for Phase 2 of the agreement was $258,592 payable beginning September 1, 2013 in seven quarterly installments of $32,344 and a final payment on June 1, 2015 of $32,184.

During the three and nine month periods ended September 30, 2014, the Company recognized a total of $32,344 and $97,032, respectively, pursuant to this agreement and has been reflected in Research and Development expenses on the accompanying consolidated statement of operations. During the three and nine month periods ended September 30, 2013, such expenses totaled $32,324 and $115,657, respectively, of such costs.

As of September 30, 2014 and December 31, 2013, total unpaid fees due to Temple pursuant to this agreement amounted to $32,344 and $32,325, respectively, which are included as part of Accounts Payable – licensing agreement in the accompanying consolidated balance sheets.

4. Leases

TransCanada Keystone Pipeline, L.P. Lease

On August 1, 2013, the Company entered into an Equipment Lease/Option to Purchase Agreement ("Lease") with TransCanada Keystone Pipeline, L.P. by its agent TC Oil Pipeline Operations, Inc. ("TransCanada") which agreed to lease and test the effectiveness of the Company's AOT technology and equipment on one of TransCanada's operating pipelines. In June 2014, the equipment was accepted by TransCanada and the lease commenced. The initial term of the lease was for six months at an amount of $60,000 per month. During the initial term, either the Company or TransCanada had the right to terminate the Agreement for any reason on 90 days written notice. TransCanada had an option to purchase the equipment during the term of the lease for approximately $4.3 million.

As previously reported in our Form 8-K, as filed on July 21, 2014, our Lease with TransCanada was terminated by TransCanada, effective October 15, 2014. In accordance with terms of the Lease, our AOT Equipment must be returned by TransCanada, at TransCanada's expense, free and clear of oil and in good working order. We have provided TransCanada with delivery instructions and will seek to redeploy our AOT Equipment under a new lease or with a new customer. Arrangements have not yet been made and we can offer no assurances that our AOT Equipment, once returned to us by TransCanada, will be redeployed.

Under the Lease, TransCanada installed and tested four AOT Midstream pressure vessels with a cumulative maximum flow capacity of 20,000 gallons per minute and a steal pipe header system which diverts oil from TransCanada's pipeline through the AOT Midstream pressure vessels. The Company's costs for the equipment leased to TransCanada totaled approximately $1.4 million, and represent costs associated with testing of a pre-production prototype and therefore were considered research and development costs (see Note 3). The Company is accounting for the TransCanada Lease as an operating lease, and recognized lease revenue of $180,000 and $240,000 for the three and nine months ended September 30, 2014, respectively. At September 30, 2014, total lease receivable of $60,000 due from TransCanada is included in the accompanying consolidated balance sheets, and was subsequently collected in October 2014.

Kinder Morgan Crude & Condensate, LLC Lease

On July 15, 2014, the Company entered into an Equipment Lease/Option to Purchase Agreement ("Lease") with Kinder Morgan Crude & Condensate, LLC ("Kinder Morgan"). In accordance with the terms and conditions of the agreement, Kinder Morgan agreed to lease and test the effectiveness of the Company's AOT technology and equipment on one of Kinder Morgan's operating pipelines. Equipment provided under the Lease includes a single AOT Midstream pressure vessel with a maximum flow capacity of 5,000 gallons per minute. The Lease provides for the Company to deliver the equipment to a location designated by Kinder Morgan no later than December 31, 2014. The equipment is to be installed and placed in operation by Kinder Morgan, at Kinder Morgan's expense.

The initial term ("Initial Term") of the Lease is four months, with an option to extend the Lease for up to a maximum of 84 months. During the Initial Term, either the Company or Kinder Morgan may terminate the Agreement for any reason on 45 days' written notice. Lease payments shall be $20,000 per month; provided however, that in the event the Equipment is removed from service at its initial location during the Initial Term, the monthly lease payments shall be reduced to $5,000 until the Equipment is placed back in service at its new location, at which time the Lease payments shall resume at $20,000 per month. The agreement further provides that Kinder Morgan shall have an option to purchase the Equipment during the term of the Lease for a fixed price of between $600,000 and $1,200,000, depending upon the date of purchase.

Under terms of the Lease, Kinder Morgan and the Company will collaboratively share and analyze performance data collected by sensors attached to the AOT equipment and at several locations along Kinder Morgan's pipeline. Data collected is protected by a mutual nondisclosure agreement. The Company will account for the Lease with Kinder Morgan as an operating lease.

5. Common Stock Transactions

During the nine months ended September 30, 2014, the Company issued 4,710,947 shares of its common stock upon exercise of options and warrants at a price of $0.30 per share with proceeds of $1,413,284.

6. Stock Options and Warrants

The Company periodically issues stock options and warrants to employees and non-employees in capital raising transactions, for services and for financing costs. Options vest and expire according to terms established at the grant date.

Options

The Company issues stock options to employees, directors and consultants under its 2004 Stock Option Plan ("Plan"), and in some cases issues stock options outside of the Plan. The Company could issue options under the Plan to acquire up to 7,000,000 shares of common stock as amended in May 2006.

From the Plan's inception in 2004 up to September 30, 2014, the Company granted options to purchase 9,648,937 shares under the Plan, of which options to purchase 4,328,574 shares were subsequently cancelled or forfeited and made available for grants under the Plan. As of September 30, 2014, options to purchase 1,268,333 shares previously issued under the Plan had been exercised, options to purchase 4,052,030 shares were issued and outstanding and 1,679,637 shares were available to be granted under the Plan.

From the Company's inception in February 1998 up to September 30, 2014, options to purchase a total of 37,050,000 shares were granted outside of the Plan, of which, options to purchase 17,485,000 shares were subsequently cancelled or forfeited. As of September 30, 2014, there were 16,705,000 options to purchase shares of common stock issued outside of the plan.

Employee options vest according to the terms of the specific grant and expire from 5 to 10 years from date of grant. Non-employee option grants have vested upon issuance and up to 2 years from the date of grant. The weighted-average, remaining contractual life of employee and non-employee options outstanding at September 30, 2014 was 6.4 years. Stock option activity for the period December 31, 2013 up to September 30, 2014, was as follows:

	Options	Weighted Avg. Exercise Price
December 31, 2013	20,309,908	$ 0.28
Granted	557,122	0.85
Exercised	(20,000)	0.30
Forfeited	(90,000)	0.91
September 30, 2014	20,757,030	$ 0.29

The weighted average exercise prices, remaining contractual lives for options granted, exercisable, and expected to vest as of September 30, 2014 were as follows:

	Outstanding Options			Exercisable Options	
Option Exercise Price Per Share	Shares	Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$ 0.21 - $ 0.99	20,493,801	6.4	$0.28	18,229,381	$0.28
$ 1.00 - $ 1.99	263,229	5.5	$1.22	263,229	$1.22
	20,757,030	6.5	$0.29	18,492,610	$0.29

At September 30, 2014 the aggregate intrinsic value of the options outstanding was $8,069,165. Future unamortized compensation expense on the unvested outstanding options at September 30, 2014 is approximately $525,000.

During the nine month period ending September 30, 2014:

- The Company granted options to purchase 145,000 shares of common stock to employees. The options are exercisable at $0.75/share up to $0.99/share, of which, 20,000 options vested immediately and expire two years from the date of grant, and 125,000 options vest over two years and expire ten years from the date of grant. Total fair value of these options at grant date was approximately $70,600 using the Black-Scholes Option Pricing model with the following assumptions: life of 1 to 6 years; risk free interest rate of 0.12% to 1.66%; volatility of 123% to 125% and dividend yield of 0%.

- The Company granted options to purchase 412,122 shares of common stock to members of the Board of Directors under a new Board of Directors compensation plan adopted by the Company on May 6, 2014. The options are exercisable at $0.86/share and expire ten years from the date of grant. A total of 237,702 options vested immediately while the remaining 174,442 vest over twelve months from the date of grant. Total fair value of these options at grant date was approximately $299,930 using the Black-Scholes Option Pricing model with the following assumptions: life of 5 years; risk free interest rate of 1.68%; volatility of 123% and dividend yield of 0%.

- Options to acquire 20,000 shares of common stock were exercised for net proceeds of $6,000.

During the nine month periods ended September 30, 2014 and 2013, the Company recognized compensation costs based on the fair value of options that vested of $550,506 and $1,238,909 respectively.

Warrants

The following table summarizes certain information about the Company's stock purchase warrants activity for the period starting December 31, 2013 up to September 30, 2014.

	Warrants	Weighted Avg. Exercise Price
December 31, 2013	11,763,966	$ 0.34
Granted	490,000	0.77
Exercised	(4,690,947)	0.30
Cancelled	(2,141,969)	0.46
Outstanding, September 30, 2014	5,421,050	$ 0.37

The weighted average exercise prices, remaining contractual lives for warrants granted, exercisable, and expected to vest as of September 30, 2014 were as follows:

	Outstanding Warrants			Exercisable Warrants	
Warrant Exercise Price Per Share	Shares	Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$ 0.25 - $ 0.99	5,301,050	3.5	$0.35	4,981,050	$0.33
$ 1.00 - $ 1.99	120,000	0.3	$1.01	120,000	$1.01
	5,421,050	3.1	$0.37	5,101,050	$0.34

At September 30, 2014, the aggregate intrinsic value of the warrants outstanding was $1,701,384. Future unamortized compensation expense on the unvested outstanding warrants at September 30, 2014 is approximately $179,000.

During the nine month period ending September 30, 2014:

- Warrants to acquire 4,690,947 shares of common stock were exercised resulting in proceeds of $1,407,284.

- The Company granted warrants to consultants to purchase 490,000 shares of its common stock. A total of 240,000 warrants have an exercise price of $0.67 up to $1.01 per share, vest over a period of six months to two years and will expire in two to ten years from the grant date. For the remaining 250,000 warrants, the exercise price will be determined on the date of vesting in an amount equal to the closing price of the Company's common stock on the vesting date, vest over a two year period from the date of grant and expire two years from the date of grant. Total fair value of the warrants amounted to approximately $240,000 using the Black-Scholes Option Pricing model with the following average assumptions: risk-free interest rate of 0.47% to 1.62%; dividend yield of 0%; volatility of 58% to 122%; and an expected life of one to five years.

During the nine months ended September 30, 2014 and 2013, the Company recognized compensation costs of $46,411 and $158,157, respectively, based on the vested fair value of warrants granted to consultants and an employee.

7. Commitments and Contingencies

Legal matters

There are no current or pending litigation of any significance with the exception of the matters that have arisen under, and are being handled in, the normal course of business.

8. Subsequent Events

Newfield Exploration Company Joint Development Agreement

On October 15, 2014, the Company entered into a Joint Development Agreement with Newfield Pipeline Exploration Company ("Newfield") to test the effectiveness of the Company's Joule Heat technology under operating conditions on Newfield's oil pipeline. The Company shall deliver the Joule Heat technology at the Company's sole expense, and Newfield will install and operate the Joule Heat technology at Newfield's sole expense. The term of the agreement is six months, subject to early termination upon 30-day written notice, commencing upon installation scheduled to be no later than December 31, 2014. See "Business Description" above for details of the Joule Heat technology. The Newfield agreement is attached hereto as Exhibit 10.1.

Haven Technology Solutions, LLC Joint Development Agreement

On October 24, 2014, the Company entered into a Joint Development Agreement with Haven Technology Solutions, LLC ("Haven"), a research firm specializing in flow regime management technologies for the global energy industry. Testing to be conducted at the Haven flow-loop research facility in Magnolia, Texas, will incorporate Haven's patented Flow Regime Management systems (FRMs™) as an advanced separation solution in conjunction with STWA's AOT™ Viscosity Reduction System and STWA Joule Heat pipeline flow assurance equipment. This hybrid system has been optimized for upstream condensate pipeline operations, separating commingled fluids under full flow and multiphase conditions. Condensate, or ultra-light oils, are lighter than crude but heavier than liquid natural gas, and make up one of the industry's fastest growing segments as a result of enhanced oil and gas recovery techniques used to extract previously unrecoverable resources from shale formations. The Haven agreement is attached hereto as Exhibit 10.2.

OTCQX Marketplace

On October 30, 2014, the Company began trading on OTCQX, a marketplace operated by OTC Markets Group Inc. for established global and growth companies. Investors can find current financial disclosure and Real-Time Level 2 quotes for STWA at: www.otcmarkets.com/stock/ZERO/quote.

TransCanada Lease Termination

The TransCanada Equipment Lease with Option to Purchase ("Lease", see Note 4) was terminated, effective October 15, 2014. Under terms of the Lease, all equipment is to be returned to the Company by TransCanada, at TransCanada's expense.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and supplementary data referred to in this Form 10-Q.

This discussion contains forward-looking statements that involve risks and uncertainties. Such statements, which include statements concerning future revenue sources and concentration, selling, general and administrative expenses, research and development expenses, capital resources, additional financings and additional losses, are subject to risks and uncertainties, including, but not limited to, those discussed elsewhere in this Form 10-Q, particularly in "Risk Factors," that could cause actual results to differ materially from those projected. Unless otherwise expressly indicated, the information set forth in this Form 10-Q is as of September 30, 2014, and we undertake no duty to update this information.

Overview

In the second quarter of 2014, we reached a major milestone in the Company's evolution, generating revenues from our AOT technology for the first time since our inception in February 1998. We continue to devote the bulk of our efforts to the promotion, design, testing and the commercial manufacturing and operations of our crude oil pipeline products in the upstream and midstream energy sector. We anticipate that these efforts will continue during 2014.

Between 2011 and 2012, the Company transitioned from prototype testing of its AOT technology at the U.S. Department of Energy Rocky Mountain Oilfield Testing Center, Midwest, Wyoming, to the design and production of full-scale commercial prototype units. The Company worked in a collaborative engineering environment with multiple Energy Industry companies to refine the AOT™ Midstream commercial design to comply with the stringent standards and qualification processes as dictated by independent engineering audit groups and North American industry regulatory bodies. In May 2013, the Company's first commercial prototype unit known as AOT™ Midstream, was completed.

On August 1, 2013, the Company entered into an Equipment Lease/Option to Purchase Agreement ("TransCanada Lease") with TransCanada Keystone Pipeline, L.P. by its agent TC Oil Pipeline Operations, Inc. ("TransCanada") which agreed to lease and test the effectiveness of the Company's AOT technology and equipment on one of TransCanada's operating pipelines. In June 2014, the equipment was accepted by TransCanada and the lease commenced. The TransCanada Lease was terminated by TransCanada, effective October 15, 2014.

Under the TransCanada Lease, TransCanada installed and tested four AOT Midstream pressure vessels with a cumulative maximum flow capacity of 20,000 gallons per minute. As part of the testing process of our AOT Technology on the TransCanada pipeline, we received a report ("Report") from an independent, third-party laboratory ("Laboratory"), hired by the Company. The Laboratory performed tests and analysis on crude oil treated by our AOT Equipment at the TransCanada pipeline facility where our equipment was installed under typical operating conditions. The analysis was conducted to determine the effectiveness of our equipment in reducing the flow of viscosity of crude oil flowing through the TransCanada pipeline. Among other things, the Report determined that data indicated treatment of the crude oil flowing through the TransCanada pipeline using our AOT Technology reduced the viscosity of the crude oil. The Report also determined that the efficacy of our AOT Technology was constrained due to the limitations of the electric field applied by the power supply installed on our equipment, concluding that maximum viscosity reductions could be achieved by modifying the installed power supply. We are encouraged by the results and data analysis arising from the testing of our AOT Technology and confirmation of its efficacy. We look forward to further development and commercialization of our technology.

On July 15, 2014, the Company entered into an Equipment Lease/Option to Purchase Agreement ("Kinder Morgan Lease") with Kinder Morgan Crude & Condensate, LLC ("Kinder Morgan") under which Kinder Morgan agreed to lease and test the effectiveness of the Company's AOT technology and equipment on one of Kinder Morgan's operating pipelines. Equipment provided under the Lease includes a single AOT Midstream pressure vessel with a maximum flow capacity of 5,000 gallons per minute. The Lease provides for the Company to deliver the equipment to Kinder Morgan no later than December 31, 2014.

In 2014, the Company 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 plans to begin field-testing with commercial entities in the fourth quarter of 2014. The Company filed two additional provisional patents related to the technology's method and apparatus in the second quarter and fourth quarter of 2013, respectively. The first of the two provisional patents was finalized and submitted to non-provisional status on April 29, 2014. The second of the two provisional patents is scheduled to be finalized and submitted to non-provisional status by the end of 2014.

In October 2014, the Company entered into Joint Development Agreements with Newfield Exploration Company and Haven Technology Solutions to test the Joule Heat technology under operating and flow-loop conditions. See Note 8 to the Financial Statements above for details of these Joint Development Agreements.

Our expenses to date have been funded primarily through the sale of shares of common stock and convertible debt, as well as proceeds from the exercise of stock purchase warrants and options. We raised capital in the first quarter of 2014 and will need to raise substantial additional capital through the end of 2014, and beyond, to fund our sales and marketing efforts, continuing research and development, and certain other expenses, until our revenue base grows sufficiently.

Results of Operation for the Three Months ended September 30, 2014 and 2013

The Company recognized $180,000 in revenues in the three months ended September 30, 2014 pursuant to the lease of the AOT Equipment by TransCanada. There were no similar transactions during the three months ended September 30, 2013.

Operating expenses were $749,680 for the three-month period ended September 30, 2014, compared to $1,750,766 for the three-month period ended September 30, 2013, a decrease of $1,001,086. This decrease is attributable to decreases in non-cash expenses of $750,589 and in cash expenses of $250,497. Specifically, the decrease in non-cash expense is attributable to decreases in stock and warrants granted to consultants of $35,000 and employees and directors of $715,143. The decrease in cash expense is attributable to decreases in salaries of $155,055, corporate expenses of $3,799, consulting and professional fees of $100,956, rents and utilities of $24,059 and in office and other expenses of $35,561, offset by an increase in travel and related expenses of $68,933.

Research and development expenses were $146,094 for the three-month period ended September 30, 2014, compared to $563,559 for the three-month period ended September 30, 2013, a decrease of $417,465. This decrease is attributable to decreases in salaries charged to research and development of $32,262 and prototype product development, product testing, research, patents and supplies costs of $385,223.

Other income and expense were $0 income for the three-month period ended September 30, 2014, compared to $6,000 income for the three-month period ended September 30, 2013, a decrease in income of $6,000. This decrease is attributable to decreases in gain on disposition of equipment.

The Company had a net loss of $715,774, or $0.00 per share, for the three-month period ended September 30, 2014, compared to a net loss of $2,308,325, or $0.01 per share, for the three-month period ended September 30, 2013.

Results of Operation for the Nine Months ended September 30, 2014 and 2013

The Company recognized $240,000 in revenues in the nine months ended September 30, 2014 pursuant to the delivery and acceptance of the AOT Equipment by TransCanada in June 2014. There were no similar transactions during the nine months ended September 30, 2013.

Operating expenses were $2,599,295 for the nine-month period ended September 30, 2014, compared to $4,505,562 for the nine-month period ended September 30, 2013, a decrease of $1,906,267. This decrease is attributable to decreases in non-cash expenses of $1,291,224 and in cash expenses of $615,007. Specifically, the decrease in non-cash expense is attributable to decreases in stock and warrants granted to consultants, employees and directors of $1,284,650, receivables write-off of $5,000 and depreciation of $1,574. The decrease in cash expense is attributable to decreases in salaries and benefits of $322,811, corporate expenses of $24,667, consulting and professional fees of $115,962, rents and utilities of $95,010 and in office and other expenses of $111,105, offset by an increase in travel and related expenses of $54,548.

Research and development expenses were $741,045 for the nine-month period ended September 30, 2014, compared to $1,322,816 for the nine-month period ended September 30, 2013, a decrease of $581,771. This decrease is attributable to decreases in salaries charged to research and development of $70,086, licensing and related research expenses of $18,626 and prototype product development, product testing, research, patent and supplies costs of $493,059.

Other income and expense were $27,300 expense for the nine-month period ended September 30, 2014, compared to $3,181,857 income for the nine-month period ended September 30, 2013, a decrease in income of $3,209,157. This decrease is attributable to non-cash decreases in gain on extinguishment of derivative liabilities of $3,441,752 and loss due to a change in fair value of derivative liabilities of $220,614, of which, no similar transactions were recorded in 2014 and interest and financing expense of $260, offset by decrease in other non-cash expenses of $11,721 due to settlement of debt and accruals, gain on disposition of equipment and office sublease income.

The Company had a net loss of $3,127,640, or $0.02 per share, for the nine-month period ended September 30, 2014, compared to a net loss of $2,646,485, or $0.02 per share, for the nine-month period ended September 30, 2013. We expect to incur a net loss in the fiscal year ending December 31, 2014 primarily attributable to continued research and development, operating and marketing-related expenditures without the benefit of any significant revenue for the remainder of the year.

Liquidity and Capital Resources

General

We have incurred negative cash flow from operations since our inception in 1998. As of September 30, 2014, we had cash of $2,641,734 and an accumulated deficit of $96,166,503. Our negative operating cash flow in 2013 and the first nine months of 2014 was funded primarily through exercise of stock purchase warrants and options for cash.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying consolidated financial statements, the Company had a net loss of $3,127,640 and a negative cash flow from operations of $2,908,618 for the nine-month period ended September 30, 2014. These factors raise substantial doubt about our ability to continue as a going concern. In addition, the Company's independent registered public accounting firm, in its report on the Company's December 31, 2013 financial statements, has raised substantial doubt about the Company's ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to raise additional funds and implement our business plan. The consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Summary

At September 30, 2014, we had cash on hand in the amount of $2,641,734. We will need additional funds to operate our business, including without limitation the expenses we will incur in connection with the license and research and development agreements with Temple University; costs associated with product development and commercialization of the AOT and related technologies; costs to manufacture and ship our products; costs to design and implement an effective system of internal controls and disclosure controls and procedures; costs of maintaining our status as a public company by filing periodic reports with the SEC and costs required to protect our intellectual property. In addition, as discussed below, we have substantial contractual commitments, including without limitation salaries to our executive officers pursuant to employment agreements, certain severance payments to a former officer and consulting fees, during the remainder of 2014 and beyond.

No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company.

Licensing Fees to Temple University

For details of the licensing agreements with Temple University, see Financial Statements attached hereto, Note 3.

Critical Accounting Policies and Estimates

Our discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, expenses, and related disclosure of contingent assets and liabilities. We evaluate, on an on-going basis, our estimates and judgments, including those related to the useful life of the assets. We base our estimates on historical experience and assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The methods, estimates and judgments we use in applying our most critical accounting policies have a significant impact on the results that we report in our consolidated financial statements. The SEC considers an entity's most critical accounting policies to be those policies that are both most important to the portrayal of a company's financial condition and results of operations and those that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about matters that are inherently uncertain at the time of estimation. For a more detailed discussion of the accounting policies of the Company, see Note 1 of the Notes to the Condensed Consolidated Financial Statements, "Summary of Significant Accounting Policies".

We believe the following critical accounting policies, among others, require significant judgments and estimates used in the preparation of our consolidated financial statements.

Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Certain significant estimates were made in connection with preparing our consolidated financial statements as described in Note 1 to Notes to the Condensed Consolidated Financial Statements. Actual results could differ from those estimates.

Revenue Recognition

Revenues are recognized when persuasive evidence of an agreement exists; delivery has occurred, including transfer of title and risk of loss for product sales, or services have been rendered for service revenues; the price to the buyer is fixed or determinable; and collectability is reasonably assured. Lease revenue is recognized as earned.

Stock-Based Compensation

The Company periodically issues stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. The Company accounts for stock option and warrant grants issued and vesting to employees based on the authoritative guidance provided by the Financial Accounting Standards Board whereas the value of the award is measured on the date of grant and recognized over the vesting period. The Company accounts for stock option and warrant grants issued and vesting to non-employees in accordance with the authoritative guidance of the Financial Accounting Standards Board whereas the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Non-employee stock-based compensation charges generally are amortized over the vesting period on a straight-line basis. In certain circumstances where there are no future performance requirements by the non-employee, option grants are immediately vested and the total stock-based compensation charge is recorded in the period of the measurement date.

The fair value of the Company's common stock option grants is estimated using the Black-Scholes Option Pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the common stock options, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes Option Pricing model, and based on actual experience. The assumptions used in the Black-Scholes Option Pricing model could materially affect compensation expense recorded in future periods.

Research and Development Costs

Costs incurred for research and development are expensed as incurred. Purchased materials that do not have an alternative future use are also expensed. Furthermore, costs incurred in the construction of prototypes with no certainty of any alternative future use and established commercial uses are also expensed.

For the nine-month periods ended September 30, 2014 and 2013, research and development costs incurred were $741,045 and $1,322,816, respectively. For the three-month periods ended September 30, 2014 and 2013, research and development costs incurred were $146,094 and $563,559, respectively.

Going Concern

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying consolidated financial statements, the Company had a net loss of $3,127,640 and a negative cash flow from operations of $2,908,618 for the nine month period ended September 30, 2014 and an accumulated deficit of $96,166,503 as of September 30, 2014. These factors raise substantial doubt about the Company’s ability to continue as a going concern. In addition, the Company’s independent registered public accounting firm, in its report on the Company’s December 31, 2013 financial statements, has raised substantial doubt about the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the Company’s ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

At September 30, 2014, the Company had cash on hand in the amount of $2,641,734. Management expects that the current funds on hand will be sufficient to continue operations through September 2015. Management is currently seeking additional funds, primarily through the issuance of debt and equity securities for cash to operate our business, including without limitation the expenses it will incur in connection with the license and research and development agreements with Temple; costs associated with product development and commercialization of the Company’s technologies; costs to manufacture and ship the products; costs to design and implement an effective system of internal controls and disclosure controls and procedures; costs of maintaining our status as a public company by filing periodic reports with the SEC and costs required to protect our intellectual property. In addition, as discussed below, the Company has substantial contractual commitments, including without limitation salaries to our executive officers pursuant to employment agreements, certain severance payments to former officers and consulting fees, during the remainder of 2014 and beyond.

No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing or cause substantial dilution for our stockholders, in case of equity financing.

Recent Accounting Pronouncements

On August 27, 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern, which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity’s ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity’s ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted

On June 10, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-10 (ASU 2014-10), Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation. ASU 2014-10 eliminates the requirement to present inception-to-date information about income statement line items, cash flows, and equity transactions, and clarifies how entities should disclosure the risks and uncertainties related to their activities. ASU 2014-10 also eliminates an exception provided to development stage entities in Consolidations (ASC Topic 810) for determining whether an entity is a variable interest entity on the basis of the amount of investment equity that is at risk. The presentation and disclosure requirements in Topic 915 will no longer be required for interim and annual reporting periods beginning after December 15, 2014, and the revised consolidation standards will take effect in annual periods beginning after December 15, 2015. Early adoption is permitted. The Company adopted the provisions of ASU 2014-10 effective for its financial statements for the interim period ended June 30, 2014, and accordingly, is no longer presenting the inception-to-date financial information and disclosures formerly required.

On May 28, 2014, the FASB issued Accounting Standards Update No. 2014-09 (ASU 2014-09), Revenue from Contracts with Customers. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company does not expect the adoption of this guidance to have any impact on the Company’s consolidated financial statement presentation or disclosures.

In April 2014, the FASB issued Accounting Standards Update No. 2014-08 (ASU 2014-08), Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360). ASU 2014-08 amends the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations or that have a major effect on the Company's operations and financial results should be presented as discontinued operations. This new accounting guidance is effective for annual periods beginning after December 15, 2014. The Company does not expect the adoption of this guidance to have any impact on the Company’s consolidated financial statement presentation or disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statement presentation or disclosures.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

We issue from time to time fixed rate discounted convertible notes. Our convertible notes and our equity securities are exposed to risk as set forth below, in Part II Item 1A, “Risk Factors.” Please also see Item 2, above, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's chief executive officer and chief financial officer, evaluated, as of September 30, 2014, the effectiveness of the Company's disclosure controls and procedures, which were designed to be effective at the reasonable assurance level. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of the Company's disclosure controls and procedures as of September 30, 2014, management, the chief executive officer and the chief financial officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level at that date.

Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

The Company's internal control system is designed to provide reasonable assurance to the Company's management and Board regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations which may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of the Company’s internal controls over financial reporting as of September 30, 2014. In making this assessment, it used the criteria set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") (1992 framework). Based on our assessment, we conclude that, as of September 30, 2014, the Company has maintained effective internal control over financial reporting based on those criteria.

Our quarterly report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting and management’s report was not subject to attestation by our registered public accounting firm pursuant to rules of the SEC that permit us to provide only Management’s report in this quarterly report.

Changes in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the nine-month period ended September 30, 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There is no litigation of any significance with the exception of the matters that have arisen under, and are being handled in, the normal course of business.

Item 1A. Risk Factors

There have been no material changes in the risk factors previously disclosed in Form 10-K for the period ended December 31, 2013, which we filed with the SEC on March 17, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuances

During the nine months ended September 30, 2014, we issued 4,690,947 shares of common stock upon exercise of warrants at $0.30 per share for aggregate net proceeds of $1,407,284.

During the nine months ended September 30, 2014, we issued 20,000 shares of common stock upon exercise of options at $0.30 per share for aggregate net proceeds of $6,000.

The proceeds received by the Company in connection with the above issuances of shares were used for general corporate purposes.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

Increase in Outstanding Shares

No additional shares were issued by the Company during the period from October 1, 2014 through November 3, 2014.

Subsequent Events

See notes to financial statements, Note 8 for subsequent events.

TransCanada Keystone Pipeline, L.P. Lease

As previously reported in our Form 8-K, as filed on July 21, 2014, our Lease with TransCanada was terminated by TransCanada, effective October 15, 2014. In accordance with terms of the Lease, our AOT Equipment must be returned by TransCanada, at TransCanada's expense, free and clear of oil and in good working order. We have provided TransCanada with delivery instructions and will seek to redeploy our AOT Equipment under a new lease or with a new customer. Arrangements in the foregoing regard have not yet been made and we can offer no assurances that our AOT Equipment, returned to us by TransCanada, will be redeployed.

As part of the testing process of our AOT Technology on the TransCanada pipeline, we received a report ("Report") from an independent, third-party laboratory ("Laboratory"), hired by the Company. The Laboratory performed tests and analysis on crude oil treated by our AOT Equipment at the TransCanada pipeline facility where our equipment was installed under typical operating conditions. The analysis was conducted to determine the effectiveness of our equipment in reducing the flow of viscosity of crude oil flowing through the TransCanada pipeline. Among other things, the Report determined that data indicated treatment of the crude oil flowing through the TransCanada pipeline using our AOT Technology reduced the viscosity of the crude oil. The Report also determined that the efficacy of our AOT Technology was constrained due to the limitations of the electric field applied by the power supply installed on our equipment, concluding that maximum viscosity reductions could be achieved by modifying the installed power supply. We are encouraged by the results and data analysis arising from the testing of our AOT Technology and confirmation of its efficacy. We look forward to further development and commercialization of our technology.

Item 6. Exhibits

Exhibit No.	**Description**
10.1	Newfield Exploration Compan Joint Development Agreement
10.2	Haven Technology Solutions Joint Development Agreement
31.1	Certification of Chief Executive Officer of Quarterly Report Pursuant to Rule 13(a)-15(e) or Rule 15(d)-15(e)
31.2	Certification of Chief Financial Officer of Quarterly Report pursuant to Rule 13(a)-15(e) or Rule 15(d)-15(e)
32	Certification of Chief Executive Officer and Chief Financial Officer of Quarterly Report Pursuant to 18 U.S.C. Section 1350
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
101.DEF	XBRL Definition Linkbase Document

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant has caused this Report to be signed on its behalf by the undersigned, hereunto duly authorized.

SAVE THE WORLD AIR, INC.

Date: November 10, 2014

By: /s/ GreggoryM. Bigger
Greggory M. Bigger
Chief Financial Officer

Exhibit 10.1

AGREEMENT

This Agreement ("Agreement") between Save The World Air, Inc. ("STWA") and Newfield Exploration Company ("Operator") (collectively the "Parties" and individually, a "Party") is made this 15th day of October, 2014.

RECITALS

WHEREAS, Operator operates a crude oil exploration, production and related facilities ("Operator's Business"):

Whereas, STWA has developed and owns certain technology which uses electric fields to modify characteristics of oil specifically designed to optimize upstream transit and storage operations (the "Upstream Technology");

Whereas, STWA and Operator believe the Upstream Technology could increase the effectiveness, commercial viability and profitability of' Operator's Business:

Whereas, STWA and Operator wish to test the effectiveness of the Upstream Technology in the context of Operator's Business; and,

Whereas, it is the desire of STWA to deliver the Upstream Technology to Operator, and it is the desire of Operator to accept STWA's delivery of the Upstream Technology, for the sole purpose of testing the effectiveness of the Upstream Technology in connection with the operation of Operator's Business, on the terms and conditions set forth in this Agreement.

NOW, Therefore, in consideration of the covenants set forth below and for good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties, the Parties agree, as follows:

1. Upstream Technology.

STWA herby agrees to deliver the Upstream Technology, including all parts, components, software, accessories, accessions, replacements, substitutions, additions and improvements (collectively, the "Upstream Equipment") related to the Upstream Technology, to Operator, on a non-exclusive basis, for the sole purpose of allowing Operator to test the effectiveness of the Upstream Technology in connection with the operation of Operator's Business.

2. Delivery, Installation, Operation, Data Collection and Maintenance of the Upstream Equipment and Upstream Technology.

A. STWA, at ST'WA's expense, shall deliver the Upstream Equipment to Operator by a date no later than December 30th, 2014 to a location designated by Operator. This date may he extended by the mutual written consent of the Parties.

B. The Upstream Equipment shall be installed, at Operator's expense, at the location designated by Operator.

C. Installation shall be performed by Operator and STWA in a professional and workmanlike manner in conformance with all reasonable requirements of STWA, and in compliance with good construction and engineering practices.

D. STWA shall provide Operator with instructional service in the installation and operation of the Upstream Equipment during such installation process. All installation and operation instruction provided by STWA will be at no charge to Operator.

E. Any alteration or modifications to the Upstream Equipment may be made only with consultation with and written approval by STWA.

F. Operator, at its expense, shall operate the Upstream Equipment and shall keep and maintain the Upstream Equipment during the Term (defined below). In the event the Upstream Equipment is lost, damaged, in whole or in part, or stolen, while in the sole care, custody, and control of Operator, Operator shall pay to STWA the greater of the depreciated book value or lair market value of the Upstream Equipment. If the Parties are unable to agree on fair market value under this subsection F, the fair market value of the Upstream Equipment shall be determined by an independent appraiser, jointly selected by the Parties. The appraiser must be recognized as an expert in valuing assets related to or similar to the Upstream Equipment.

G. All repairs and maintenance of the Upstream Equipment shall be performed promptly by Operator in consultation with STWA. Operator shall supply labor, at Operator's cost, and all materials shall be provided by STWA, at STWA's cost in connection with the operation and maintenance of the Upstream Equipment.

H. Upstream Technology data ("Data") generated in connection with the use of the Upstream Equipment under this Agreement shall be collaborative and transparent between STWA and Operator. All Data collected by Operator shall be promptly delivered to STWA and. subject to the binding confidentiality and nondisclosure provisions in section 4, below. Data cannot be shared or released to any outside entity (other than STWA) or third party without the. written consent STWA. All Data generated in connection with the operation of the Upstream Equipment shall he exclusively owned by, and be the exclusive property of, STWA.

I. Parties may, from time to time, make changes or improvements to the Upstream Equipment ("Improvements"). Any such Improvements to the Upstream Equipment during the Term of this Agreement shall only be made with the consent of both Operator and STWA. Any such Improvements shall 'be the sole and exclusive property of STWA.

3. Term.

The term of this Agreement shall be for a period of six (6) months (the "Term"), commencing on the date of installation of the Upstream Equipment, estimated to be on a date not later than December 30, 2014. Upon expiration of the Term, based on and subject to the efficacy of the Upstream Technology as tested under this Agreement. the Parties agree to enter into good faith negotiations for the sale or license of the Upstream Technology to Operator pursuant to such Wins and conditions to which the Parties shall mutually agree. It is understood and agreed, however, that either party hereto may cancel this Agreement at any time by giving the other party at least thirty (30) days prior written notice of such cancellation.. Neither party hereto shall by the termination of this Agreement be relieved of its respective obligations and liabilities arising from or incident to work performed or services rendered pursuant hereto.

4. **Intellectual Property/Confidentiality.** The Parties acknowledge and agree that STWA is the holder and owner of worldwide exclusive patents, patents pending, licenses and rights for the Upstream Technology and Upstream Equipment and any and all Improvements thereon and data related thereto. Nothing contained in this Agreement shall be deemed to transfer or assign any right, title or interest in or to the Upstream Technology or Upstream Equipment or Improvements thereon Or data related thereto to Operator, it being expressly understood between the Parties that all right, title and interest in and to the Upstream Technology and Upstream Equipment and Improvements thereon and data related thereto is and shall remain at all times the exclusive property of STWA.

Notwithstanding the forgoing, STWA agrees that Operator may keep and use any data and results for the purpose of evaluating the effectiveness of the Upstream Technology and Upstream Equipment. Any such use by Operator shall he in accordance with the terms and conditions at' this Agreement.

Operator hereby' acknowledges that, during and solely as a result of this Agreement, it have access to confidential information of STWA. Operator hereby agrees as follows:

(i) **Confidential Information.** "Confidential Information" shall mean any information, tangible or intangible, relating to the Upstream Technology, Upstream Equipment and improvements thereon and business of STWA and its affiliated companies, and their products,, finances, budgets, methods, policies, procedures, business, plans, computers, data, techniques, patents, patents pending, trademarks, research or development, projects or results, customers or clients, employees, trade secrets, or other knowledge or processes of or developed by STWA and its affiliated companies, and any other confidential information relating to or dealing with the businesses and technologies of STWA and its affiliated companies, made known to Operator, or learned or acquired by Operator as a result of this Agreement, but Confidential Information shall not include information lawfully known generally by or readily accessible to the trade or the general public.

(ii) **Use.** During the Term hereof, Operator shall use and disclose Confidential information only for purposes set forth in this Agreement, and only as necessary to carry out Operator's obligation under this Agreement. After the Term hereof, Operator shall not directly or indirectly, disclose to any person or entity, or use for the direct or indirect benefit of itself' or any person or entity, any Confidential Information, without the express written permission of STWA.

(iii) **Return of Confidential Information**. Upon the termination of this Agreement for any reason, or at the request of STWA, Operator shall promptly deliver to STWA the Upstream Equipment and improvements thereon and all Data, records, files, memoranda, documents, lists and other information containing any Confidential Information, including all copies or summaries thereof, in Operator's possession or control, whether prepared by Operator Or others. Should Operator discover such items in its possession after its separation with STWA, it agrees to return such items promptly to STWA without retaining copies.

5. **Acceptance of Delivery.**

By accepting possession, and after a reasonable period for inspection, on the Upstream Equipment under this Agreement. Operator accepts the condition of the Upstream Equipment.

6. **Operation of the Upstream Equipment.**

Operator shall operate the Upstream Equipment during the Term for the purpose only as set forth in this Agreement.

7. **Indemnification.**

Operator agrees to defend, indemnify and hold STWA, its parent, subsidiary and affiliate companies, its subcontractors, their agents, employees, directors, officers, servants, and invitees (the "STWA Group"), harmless from and against any and all losses, claims, demands. liabilities or causes of action of every kind and character, in favor of any person or party, for any Operator Group's (defined below) property casualty, and for injury to or illness or death of any employee, contractor, agent or representative of Operator Group, which casualty, injury, illness or death relates to, arises out of or is incident to the work or services performed by Operator under this Agreement, and regardless of the cause or such casualty, injury, illness or death, even though caused in whole or in part by a pre-existing defect, the STWA Group's negligence Or strict liability, or other legal fault of the STWA Group, whether sole, joint or concurrent. Operator shall hilly defend any such claim, demand or suit at its sole expense, even if the same is groundless. Operator's indemnification of STWA Group hereunder includes any contractual liability under indemnity agreements that SIVA may have with third parties concerning property casualty, bodily injury or death to any employee, contractor, agent or representative of Operator Group. This indemnity shall be limited to the extent necessary for compliance with applicable State and Federal laws.

STWA agrees to defend, indemnify and hold Operator, its joint interest owners, their parent, .subsidiary and affiliate companies, its other contractors of every tier, agents, employees, directors, officers, servants, invitees (the "Operator Group") harmless from and against any and all losses, claims, demands, liabilities or causes of action of every kind and character, in favor of any person or party, for any STWA Group property casualty, and for injury to or illness or death of any employee of STWA or any employee of STWA Group, which casualty, injury, illness or death relates to, arises out of or is incident to the work or services performed by STWA under this Agreement, and regardless of the cause of such casualty, injury, illness or death, even though caused in whole or in part by a pre-existing defect, Operator Group's negligence or strict liability, or other legal fault of indernnitees, whether sole, joint or concurrent. STWA shall fully defend any such claim demand or suit at its sole expense, even if the same is groundless. STWA 's indemnification of Operator Group hereunder includes any contractual liability under indemnity agreements that Operator may have with third parties concerning property casualty, bodily injury or death to any employee of STWA Group. This indemnity shall be limited to the extent necessary for compliance with applicable State and Federal laws.

8. **Insurance Required**.

A. Each of Operator and SWTA agrees to procure and maintain, at its expense, during, the term of this Agreement, policies of insurance on the Upstream Equipment against fire, theft. destruction, property damage, personal injury and general liability in amounts as agreed to by the Parties, with losses payable to either Operator or STWA, as the case may be, with each Party being added as an additional insured with waiver of subrogation on the other's policy.

B. Prior to the commencement of any work or services contemplated by this Agreement, the Parties shall furnish to one another certificates, in duplicate, on a form acceptable to each of the Parties, signed by authorized representatives of the insurance companies providing the coverage, evidencing all coverages, extensions and limits required to be carried by the Parties under the provisions of this Agreement. Upon request, the Parties shall have the right to examine or inspect the originals or certified copies of said insurance policies in the offices of each other during its normal business hours.

C. Failure to secure the insurance coverages, or the failure to comply dilly with any of the insurance provisions of this Agreement, or the failure to secure such endorsements on the policies as may be necessary to carry out the terms and provisions of this Agreement, shall in no way act to relieve the Parties front their obligations of this Agreement, any provisions hereof to the contrary notwithstanding. in the event that liability for any loss or damage be denied by the underwriter or underwriters, in or in part, because of breach of said insurance by the Parties, or for any other reason, or if the Parties fail to maintain any of the insurance herein required, the Parties shall hold one another harmless, defend and indemnify one another, their joint interest owners, their subsidiary and affiliate companies, their agents, employees, directors, officers, servants and insurers against all claims, demands, costs and expenses, including attorney's fees, which would otherwise be covered by said insurance, Notwithstanding anything to the contrary herein, the Parties' indemnification obligations under this Agreement (express or implied) shall not be limited in amount or in scope to coverage provided by insurance which is required of the Parties under the terms hereof.

9. **Return Condition.**

Upon expiration of the Term or sooner termination under the terms of this Agreement, SWTA shall pick up , at STWA's expense and risk, the Upstream Equipment and any parts, additions or Improvements made thereon or thereto, from Operator at Operator's worksite or well.. On return to STWA, the Upstream Equipment and any parts, additions or Improvements made thereon or thereto shall be operational and in good working order and repair, except for ordinary wear and tear.

10. **Governing Law/Dispute Resolution**.

This Agreement shall be exclusively construed in accordance with the internal laws of the state of Texas, excluding its conflict of laws rules. All controversies, claims or disputes arising, out of. in connection with, or relating to this Agreement shall be finally settled by arbitration. The arbitration shall be held in Harris County, Texas in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall be conducted before one arbitrator who shall have prior experience in arbitrating commercial disputes. The arbitrator shall be selected by mutual consent of the Parties. if the Parties are unable to agree on the selection of the arbitrator within thirty (30) days, the American Arbitration Association shall select the arbitrator. In the event of a dispute arising under this Agreement, the prevailing Party shall be entitled to collect attorneys' fees and costs in addition to any other remedy, including, without limitation, injunctive relief, awarded by the arbitrator.

11. Assignment.

This Agreement is entered into for the benefit of the Parties, their successors and assigns. Neither Party may assign its rights hereunder without the prior written consent of the other Party.

12. Modification.

This Agreement shall not be amended, modified, released, discharged, abandoned or otherwise terminated prior to expiration, in whole or in part, except by written agreement signed by the Parties hereto.

13. Severability. In the event that any provision, or any portion thereof, of this Agreement is determined by competent judicial, legislative, administrative or arbitrator authority to be prohibited by law, then such provision or part thereof' shall be ineffective only to the extent of such prohibition, without invalidating the remaining provisions of the Agreement.

14. Notices.

Notices under this Agreement by either party shall be in writing and will be sufficiently made or given if sent by certified or registered mail, return receipt requested, courier or by facsimile, and shall be deemed given upon delivery by courier, five (5) days after deposit in the mail, or upon receipt of facsimile transmission. Notices shall be sent to the signatory of this Agreement or an authorized officer at the address set forth in 'the signature blocks of this Agreement or at such other addresses either Party may specify in writing.

15. Entire Agreement.

This Agreement contains the full and complete understanding of the Parties with respect to the subject matter hereof, and supersedes all prior agreements, representations and understandings, whether oral or written.

16. Costs and Expenses.

The Parties confirm that each Party will be solely responsible for the costs and expenses incurred by it in connection with documentation and execution or this Agreement and the transactions contemplated herein.

17. Authority.

As the case may be, each of the undersigned has been duly authorized and empowered to execute this Agreement, and the signatures of each of the undersigned is binding upon the entity foe which the undersigned has executed this Agreement.

18. Counterparts.

This Agreement may be executed in two (2) counterparts, each of which will he deemed to be an original copy of this agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The Parties hereto may execute this Agreement by facsimile delivery of manually signed copies or by the electronic delivery of copies bearing an electronic facsimile signature.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

SAVE THE WORLD AIR, INC.

By:____________________
Gregg Bigger, its CEO
Address: 735 State Street, Suite 500
Santa Barbara, CA 93101
Fax No.:____________________

NEWFIELD EXPLORATION COMPANY

By: Christa Morgan
Christa Morgan

Address: 4 Waterway Sq. Place
The Woodlands, TX 77380
Fax No.:____________________

EXHIBIT "A"
MINIMUM INSURANCE COVERAGES TO BE MAINTAINED BY THE STWA AND OPERATOR

PART 1

STWA and Operator shall each, during the progress of the work, carry, at its own respective expense, on forms and in reliable insurance companies acceptable to the other party, and authorized to do business in the state or area in which the work is to be performed hereunder, the following minimum insurance coverages to the extent of its liabilities under this Agreement:

A. Commercial General Liability Insurance, written on an Occurrence Basis, with a limit of $1,000,000 each occurrence Bodily Injury and Property Damage, combined, including the following coverages;
1. Independent Contractor's Coverage
2. Contractual Liability covering liabilities assumed under this Agreement
3. Products and Completed Operations Coverage
4. Separation of Insureds (Severability of Interest)
5. Coverage provided for "Action Over Indemnity" claims
6. Stop Gap Employer's Liability where applicable

B. Workers' Compensation Insurance and Occupational Disease Insurance in accordance with statutory requirements of the state in which work is being performed including Employer's Liability Insurance with limits of not less than $1,000,000 covering location of all work places involved in this Agreement. This coverage shall include:
1. Alternate Employer/Borrowed Servant endorsement
2. Stop Gap Employer's Liability where applicable

B. Business Automobile Insurance providing Bodily Injury and Property Damage, covering all hired and non-owned vehicles, with a limit of not less than $1,000,000 each occurrence Bodily Injury and Property Damage combined, and including contractual liability.

PART 2

For STWA's Insurance Agreements:

I. All of the above described insurance policies shall contain provisions that the insurance companies will have no right of recovery or subrogation against Operator, its divisions, affiliates, subsidiary companies, co-lessees, or co-venturers, agents, directors, officers, employees, servants, and insurers, it being the intention of the parties that the insurance so effected shall protect all parties, and the STWA's insurance carrier shall be primarily liable for any and all losses covered by the described insurance.

II. Operator, its divisions, affiliates, subsidiary companies, co- lessees, or co-venturers, agents, directors, officers, employees, and servants shall be named as an additional insured in each of STWA's insurance policies, except statutory workers' compensation.

III. Any and all deductibles in the above described insurance policies shall be assumed by, for the account of and at STWA's sole risk.

IV. All policies providing coverage hereunder shall contain provisions that no cancellation or material changes in the policies shall become effective except on thirty (30) clays' written notice thereof to Operator at: Newfield Exploration Company, 4 Waterway Square Place, Suite 100, The Woodlands, TX 77380, ATTN: MSA Contract Administration. STWA shall not cancel or make any material change in any such policies without the prior written consent of Operator.

V. When requested by Operator, STWA shall furnish, or cause to be furnished to Operator, in the manner above provided, certificates of insurance coverage for each subcontractor in minimum amount deemed necessary by STWA to cover the work of the particular subcontractor. Should insurance coverage maintained by a subcontractor be less than the minimum requirements for STWA, as set out above, Operator may, at its option (I) require STWA to secure such minimum coverage, or (2) purchase insurance necessary to provide such minimum coverage and charge the premiums therefore to STWA's account.

VI. STWA shall furnish Certificates of Insurance acceptable to Operator evidencing the insurance required hereunder *and* at each anniversary of coverage thereafter. Should any or the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions.

All Certificates of Insurance must contain reference to endorsements (i.e. Additional Insured, Waiver of Subrogation, etc.) as required herein.

Exhibit 10.2

October 24, 2014

AGREEMENT

This Agreement ("Agreement") between Save The World Air, Inc. ("STWA") and HAVEN TECHNOLOGY SOLUTIONS LLC ("HAVEN (collectively the "Parties" and individually, a "Party") is made this 24th day of October, 2014.

RECITALS

WHEREAS, HAVEN operates a research and development laboratory facility in which it develops flow regime management systems ("HAVEN's Business");

Whereas, STWA has developed Applied Oil Technology ("AOT Technology") and owns certain electric current heat technology known as the Joule Heat process (the "Joule Technology");

Whereas, STWA and HAVEN wish to evaluate whether the AOT and Joule Technology could be used in HAVEN's Business;

Whereas, STWA and HAVEN wish to test the effectiveness of the AOT and Joule Technology in the conjunction with HAVEN's Business and technologies; and,

Whereas, it is the desire of STWA to deliver prototypes of the AOT and Joule Technology suitable for testing purposes on HAVEN 3" flow-loop test facility, and it is the desire of HAVEN to accept STWA's delivery of the AOT and Joule Technology, for the sole purpose of testing the effectiveness of the AOT and Joule Technology in connection with the operation of HAVEN's Business, on the terms and conditions set forth in this Agreement.

NOW, Therefore, in consideration of the covenants set forth below and for good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties, the Parties agree, as follows:

1. **AOT and Joule Technology**.

STWA herby agrees to deliver the AOT and Joule Technology, including all parts, components, software, accessories, accessions, replacements, substitutions, additions and improvements (collectively, the "AOT and Joule Equipment") related to the AOT and Joule Technology, to HAVEN, on a non-exclusive basis, for the sole purpose of allowing HAVEN to test the effectiveness of the AOT and Joule Technology in connection with the operation of HAVEN's Business.

2. **Delivery, Installation, Operation, Data Collection and Maintenance of the AOT and Joule Equipment and Joule Technology**.

A. STWA, shall deliver the AOT and Joule Equipment to HAVEN by a date no later than 19 Dec, 2014. This date may be extended by the mutual written consent of the Parties.

B. The AOT and Joule Equipment shall be delivered and installed, to the flow-loop test location designated by HAVEN.

C. Installation shall be performed by HAVEN in a professional and workmanlike manner in conformance with all written and previously provided requirements of STWA, and in compliance with good construction and engineering practices. STWA will supervise installation.

D. STWA shall provide HAVEN with instructional service in the installation and operation of the AOT and Joule Equipment.

E. Any alteration or modifications to the AOT and Joule Equipment may be made only upon consultation with and written approval by STWA.

F. HAVEN at its expense, shall operate the AOT and Joule Equipment and shall keep and maintain the AOT and Joule Equipment in good working order during the Term (defined below). In the event the AOT and Joule Equipment is lost, damaged, in whole or in part, or stolen, HAVEN shall pay to STWA the replacement cost of the AOT and Joule Equipment.

G. All repairs and maintenance of the AOT and Joule Equipment shall be performed promptly by HAVEN at Haven's expense in consultation with STWA. HAVEN shall supply labor, at HAVEN's cost, and all materials shall be provided by STWA, at STWA's cost in connection with the operation and maintenance of the AOT and Joule Equipment.

H. Data generated in connection with the use of the AOT and Joule Equipment under this Agreement (1) related to the AOT and Joule Technology is the "STWA Data" and (2) data related to Haven's Business and technologies is the "Haven Data". STWA Data shall be owned by STWA, and Haven Data will be owned by Haven. The Haven Data and the STWA Data will be shared in a collaborative and transparent manner between STWA and HAVEN. All STWA Data collected by HAVEN shall be promptly delivered to STWA and will be subject to the binding confidentiality and nondisclosure provisions in section 4, below. STWA Data cannot be shared or released to any outside entity or third party without the written consent of STWA. All Haven Data will be subject to the binding confidentiality and nondisclosure provisions in section 4, below. Haven Data cannot be shared or released to any outside entity or third party without the written consent of Haven.

I. If the Parties individually or jointly make changes or improvements to the AOT and Joule Equipment ("STWA Improvements") any such STWA Improvements shall be owned by STWA. If the Parties individually or jointly make changes or improvements to the Haven technologies ("Haven Improvements") any such Haven Improvements shall be owned by Haven.

3. **Term.**

The term of this Agreement shall be for a period of six (6) months (the "Term"), commencing on the date of installation of the AOT and Joule Equipment, estimated to be on a date no later than 19 December, 2014.

4. **Intellectual Property/Confidentiality.** The Parties acknowledge and agree that STWA is the holder and owner of worldwide exclusive patents, patents pending, licenses and rights for the AOT and Joule Technology and AOT and Joule Equipment and the STWA Data, and all STWA Improvements thereon. Nothing contained in this Agreement shall be deemed to transfer or assign any right, title or interest in or to the AOT and Joule Technology or AOT and Joule Equipment or the STWA Data or STWA Improvements to HAVEN, it being expressly understood between the Parties that all right, title and interest in and to the AOT and Joule Technology and AOT and Joule Equipment, STWA Data and STWA Improvements are and shall remain at all times the exclusive property of STWA.

The Parties acknowledge and agree that Haven is the holder and owner of worldwide exclusive patents, patents pending, licenses and rights for the Haven technologies and Haven Data, and all Haven Improvements thereon. Nothing contained in this Agreement shall be deemed to transfer or assign any right, title or interest in or to the Haven technologies or the HAVEN Data or Haven Improvements to STWA, it being expressly understood between the Parties that all right, title and interest in and to the Haven technologies, Haven Data and Haven improvements are and shall remain at all times the exclusive property of HAVEN.

HAVEN and STWA hereby acknowledge that, during and solely as a result of this Agreement, each will have access to confidential information of the other Party. The Parties hereby agree as follows:

(i) Confidential Information. "Confidential Information" shall mean any information, tangible or intangible, relating to Haven's Technology and Business or the AOT and Joule Technology, or the AOT and Joule Equipment and business of STWA and its affiliated companies, the STWA Data or STWA Improvements or the Haven Data or Haven Improvements, and the Parties' products, finances, budgets, methods, policies, procedures, business, plans, computer or other data, techniques, patents, patents pending, trademarks, research or development, projects or results, customers or clients, employees, trade secrets, or other knowledge or processes of or developed by a Party and its affiliated companies, and any other confidential information relating to or dealing with the businesses of a Party and its affiliated companies, made known to the other Party, or learned or acquired as a result of this Agreement, but Confidential Information shall not include information lawfully known generally by or readily accessible to the trade or the general public.

(ii) Use and Disclosure. During the Term hereof, each Party shall use the other Party's Confidential Information only for purposes set forth in this Agreement, and only as necessary to carry out the Party's obligation under this Agreement. During and after the Term hereof, neither Party shall, directly or indirectly, disclose to any person or entity any Confidential Information of the other Party, without the express written permission of disclosing Party.

(iii) Proprietary Interests. Each Party acknowledges and agrees that all Confidential Information is, and will remain, the property of the disclosing Party.

(iv) Return of Confidential Information. Upon the termination of this Agreement for any reason, or at the request of STWA, Haven shall promptly deliver to STWA the AOT and Joule Equipment to STWA and all Confidential Information and STWA Data, including all copies or summaries thereof, in Haven's possession or control. Upon the termination of this Agreement for any reason, or at the request of HAVEN, STWA shall promptly deliver to HAVEN all Confidential Information and HAVEN Data, including all copies or summaries thereof, in STWA's possession or control.

5. **Delivery Operation of the AOT and Joule Equipment.**

STWA will deliver operable AOT and Joule Equipment to HAVEN. HAVEN shall operate the AOT and Joule Equipment during the Term for the purpose only as set forth in this Agreement.

6. **Limitation of Liability.**

6.1 Except for the breach of Section 4, the maximum amount that either Party shall be liable to the other Party, its agents and employees for all losses or damages arising out of or attributable to the acts or omissions, willful misconduct or breach of this Agreement by such Party, shall be the insured value of the AOT and Joule Equipment.

7. **Indemnification.**

Intentionally Omitted.

8. **Insurance.**

HAVEN shall bear the risk, responsibility and liability for the return, installation, operation and maintenance of the AOT and Joule Equipment. HAVEN shall maintain, at its cost, all such insurance on the AOT and Joule Equipment with losses payable to STWA against fire, theft, destruction, property damage, personal injury, general liability and other risks as are appropriate and specified by STWA. HAVEN shall provide STWA proof of such insurance.

9. **Return Condition.**

HAVEN shall return the AOT and Joule Equipment and any parts, additions or STWA Improvements made thereon or thereto, to STWA at STWA's offices or other place designated by STWA. On return to STWA, the AOT and Joule Equipment shall be in the same condition delivered by STWA, except for ordinary wear and tear.

10. **Governing Law/Dispute Resolution.**

This Agreement shall be construed in accordance with the internal laws of the state of California. All controversies, claims or disputes arising out of, in connection with, or relating to this Agreement shall be resolved by the courts sitting in Los Angeles, California.

11. **Assignment.**

This Agreement is entered into for the benefit of the Parties, their successors and assigns. Neither Party may assign its rights hereunder without the prior written consent of the other Party.

12. **Modification.**

This Agreement shall not be amended, modified, released, discharged, abandoned or otherwise terminated prior to expiration, in whole or in part, except by written agreement signed by the Parties hereto.

13. **Severability.** In the event that any provision, or any portion thereof, of this Agreement is determined by competent judicial, legislative, administrative or arbitrator authority to be prohibited by law, then such provision or part thereof shall be ineffective only to the extent of such prohibition, without invalidating the remaining provisions of the Agreement.

14. **Notices.**

Notices under this Agreement by either party shall be in writing and will be sufficiently made or given if sent by certified or registered mail, return receipt requested, courier or by facsimile, and shall be deemed given upon delivery by courier, five (5) days after deposit in the mail, or upon receipt of facsimile transmission. Notices shall be sent to the signatory of this Agreement or an authorized officer at the address set forth in the signature blocks of this Agreement or at such other addresses either Party may specify in writing.

15. **Entire Agreement.**

This Agreement contains the full and complete understanding of the Parties with respect to the subject matter hereof, and supersedes all prior agreements, representations and understandings, whether oral or written.

16. **Costs and Expenses.**

The Parties confirm that each Party will be solely responsible for the costs and expenses incurred by it in connection with documentation and execution of this Agreement and the transactions contemplated herein.

17. **Authority.**

As the case may be, each of the undersigned has been duly authorized and empowered to execute this Agreement, and the signatures of each of the undersigned is binding upon the entity for which the undersigned has executed this Agreement.

18. **Counterparts.**

This Agreement may be executed in two (2) counterparts, each of which will be deemed to be an original copy of this agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The Parties hereto may execute this Agreement by facsimile delivery of manually signed copies or by the electronic delivery of copies bearing an electronic facsimile signature.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

SAVE THE WORLD AIR, INC.

By: Gregg Bigger

Gregg Bigger, CEO

Address: 735 State Street, Suite 500
Santa Barbara, CA 93101
Fax No.:__________________

HAVEN TECHNOLOGY SOLUTIONS LLC

By:__________________

By:__________________

Address: 32003 Nichols Sawmill rd
Magnolia, TX 77355
Fax No.:__________________

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
AND RULES 13A-14 AND 15D-14 UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Greggory M. Bigger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Save the World Air, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) or 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(d)-15(f) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its condensed consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2014

/s/ Greggory M. Bigger
Greggory M. Bigger
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
AND RULES 13A-14 AND 15D-14 UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Greggory M. Bigger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Save the World Air, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) or 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(d)-15(f) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its condensed consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2014

/s/ Greggory M. Bigger
Greggory M. Bigger
Chief Financial Officer

EXHIBIT 32

CERTIFICATION OF PERIODIC FINANCIAL REPORT BY THE CHIEF EXECUTIVE
OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Solely for the purposes of complying with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, we, the undersigned Acting Chief Executive Officer and the Chief Financial Officer of Save the World Air, Inc. (the "Company"), hereby certify, based on our knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2014 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2014

/s/ Greggory M. Bigger
Greggory M. Bigger
Chief Executive Officer

Date: November 10, 2014

/s/ Greggory M. Bigger
Greggory M. Bigger
Chief Financial Officer