

MagneGas Reports Financial Results For The Third Quarter And First Nine Months Of 2012

TAMPA, Fla., Nov. 13, 2012 /PRNewswire/ -- MagneGas Corporation ("MagneGas" or the "Company") (NASDAQ: MNGA), the developer of a technology that converts liquid waste into a hydrogen-based metal working fuel, today announced its financial results for the third quarter and nine months ended September 30, 2012.

Third Quarter 2012 Financial Highlights:

- Total revenues of \$201,096 for the third quarter of 2012 increased 147% as compared to \$81,253 for the prior year's third quarter;
- Metal cutting revenues increased 207% to \$177,763 as compared to \$57,920 in the third quarter of 2011; and
- Quarterly cash balance of \$4.3 million as compared to \$147,000 for the same period ending September 30, 2011

"We made good progress during the third quarter of 2012 as we continued to ramp up production, win new customers and demonstrate the superior metal cutting properties of our MagneGas fuel," stated Ermanno Santilli, Chief Executive Officer of MagneGas. "We are committed to staying focused on our business plan as we expand our footprint through out the metal cutting industry."

Santilli concluded, "We also believe that demand for MagneGas refineries, which provide an excellent value proposition for customers looking to produce MagneGas fuel in-house and on-site, will continue to increase over the next several quarters. In August, we shipped a 160 kW refinery to RJ Torching, one of the largest scrap yards in Michigan. We also purchased a 3.5 acre facility adjacent to our headquarters that will allow us to manufacture up to 30 refineries at one time. We are now well positioned to meet the steadily increasing demand for our products."

Third Quarter 2012 Financial Results

For the third quarter of 2012, total revenues were \$201,096, an increase of \$119,843 or 147%, from revenues of \$81,253 for the third quarter of 2011.

Metal cutting revenues were \$177,763 for the third quarter of 2012, a 207% increase over metal cutting revenues of \$57,920 for the prior year's third quarter. Metal cutting revenues as a percentage of total revenues for the third quarter of 2011 were 88% as compared to 71% in the prior year's third quarter. Licensing fees were \$23,333 for the third quarter of 2012, the same as for the prior year's third quarter.

Operating expenses were \$2,166,514 for the third quarter of 2012, increasing 254% from operating expenses of \$612,773 for the prior year's third quarter, primarily due to the opening of new facilities, the addition of executives and staff to manage sales and production efforts, and investments in research & development. The Company had an operating loss in the third quarter of 2012 of \$2,099,034, compared to an operating loss of \$587,011 for the prior year's third quarter.

The Company recorded a net loss of \$2,098,385, or \$0.11 per basic and diluted share, for the third quarter of 2012, as compared to a net loss of \$366,041, or \$0.02 per basic and diluted share, for the third quarter of 2011.

The Company has focused on selling fuel to scrap yards and demolition companies for much of 2012. But a decrease in scrap steel prices during the 3rd quarter, with a corresponding decrease in cutting and fuel use in this market, resulted in lower than anticipated sales of MagneGas fuel in the 3rd quarter. The Company is now also focusing on selling fuel to those industries that benefit from lower steel prices such as fabricators and ship builders. The intention is to diversify sales channels in order to hedge against the volatility of the scrap steel industry.

Nine Month Results

For the nine months ended September 30, 2012, total revenues were \$522,052, an increase of \$295,949 or 131%, from revenues of \$226,103 for the first nine months of 2011.

Metal cutting revenues were \$452,053 for the nine months ended September 30, 2012, a 326% increase over metal

cutting revenues of \$106,104 for the same period in 2011. Metal cutting revenues as a percentage of total revenues for the nine months ended September 30, 2011 were 87% as compared to 47% for the same period in 2011. Licensing fees were \$69,999 for the first nine months of 2012, a 42% decrease over licensing fees of \$119,999 for the same period last year.

Operating expenses were \$4,958,621 for the first nine months of 2012, increasing 187% from operating expenses of \$1,725,620 for the same period in 2011, primarily due to the opening of new facilities, a rise in headcount to support sales and production efforts and investments in research & development. The Company had an operating loss for the nine months ended September 30, 2012 of \$4,958,621, compared to an operating loss of \$1,725,620 for the same period in 2011.

The Company recorded a net loss of \$4,959,000, or \$0.28 per basic and diluted share, for the nine months ended September 30, 2012 as compared to a net loss of \$1,080,508 or \$0.08 per basic and diluted share, for the same period in 2011.

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

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

About MagneGas Corporation

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

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

FORWARD-LOOKING STATEMENTS

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

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

-Tables Follow-

MagneGas Corporation
Balance Sheets
(Unaudited)

September 30,

December 31,

Assets	2012	2011
	(Unaudited)	(Audited)
Current Assets		
Cash and cash equivalents	\$ 4,314,751	\$ 1,429,412
Accounts receivable, net of allowance for doubtful accounts of \$25,000 and \$0, respectively	104,825	19,050
Inventory, at cost	1,715,285	656,992
Prepaid and other current assets	-	2,500
Total Current Assets	6,134,861	2,107,954
Property and equipment, net of accumulated depreciation of \$286,267 and \$44,538, respectively	5,159,346	2,561,384
Deferred tax asset	456,500	456,500
Intangible assets, net of accumulated amortization of \$187,861 and \$151,511, respectively	539,139	575,489
Investment in joint ventures	490,410	490,410
Security deposits	2,153	-
Total Assets	\$ 12,782,409	\$ 6,191,737
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 668,844	\$ 291,249
Accrued expenses	277,766	125,011
Deferred revenue and customer deposits	256,663	326,662
Due to stockholder	-	210,500
Due to related parties	-	13,400
Total Current Liabilities	1,203,273	966,822
Total Liabilities	1,203,273	966,822
Stockholders' Equity		
Preferred stock: \$0.001 par; 10,000,000 authorized; 1,000,000 issued and outstanding	1,000	2
Common stock: \$0.001 par; 900,000,000 authorized; 20,042,616 and 15,438,929 issued and outstanding, respectively	20,043	15,439
Additional paid-in capital	21,627,523	10,334,904
Issued and unearned stock compensation	(13,333)	(28,333)
Accumulated deficit	(10,056,097)	(5,097,097)
Total Stockholders' Equity	11,579,136	5,224,915
Total Liabilities and Stockholders' Equity	\$ 12,782,409	\$ 6,191,737

Statements of Operations
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Revenue:	201,096	81,253	522,052	226,103
Direct costs, metal cutting	133,616	55,491	316,824	91,087
	67,480	25,762	205,228	135,016
Operating Expenses:				
Selling and related expenses	293,660	68,992	615,495	288,089

General and administration	1,020,058	377,131	2,384,905	932,211
Stock-based compensation	672,099	95,850	1,699,622	456,490
Research and development	71,875	53,031	185,748	130,535
Depreciation and amortization	108,822	17,769	278,079	53,311
Total Operating Expenses	<u>2,166,514</u>	<u>612,773</u>	<u>5,163,849</u>	<u>1,860,636</u>
Operating Income (Loss)	(2,099,034)	(587,011)	(4,958,621)	(1,725,620)
Other Income and (Expense):				
Interest	<u>649</u>	<u>(30)</u>	<u>(379)</u>	<u>12</u>
Total Other Income (Expense)	<u>649</u>	<u>(30)</u>	<u>(379)</u>	<u>12</u>
Net Income (Loss) before tax benefit	(2,098,385)	(587,041)	(4,959,000)	(1,725,608)
Provision for Income Taxes	<u>-</u>	<u>(221,000)</u>	<u>-</u>	<u>(645,100)</u>
Net Income (Loss)	<u>\$ (2,098,385)</u>	<u>\$ (366,041)</u>	<u>\$ (4,959,000)</u>	<u>\$ (1,080,508)</u>
Net Loss per share:				
Basic and diluted	<u>\$ (0.11)</u>	<u>\$ (0.02)</u>	<u>\$ (0.28)</u>	<u>\$ (0.08)</u>
Weighted average common shares:				
Basic and diluted	<u>19,124,100</u>	<u>15,366,332</u>	<u>17,410,423</u>	<u>13,397,682</u>

On June 26, 2012, we affected a 1-10 reverse stock split for our common stock. All share and per share information has been retroactively adjusted to reflect the reverse stock split.

SOURCE MagneGas Corporation