

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

FORM 10-QSB

- (X) Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended SEPTEMBER 30, 2000
- () Transition report pursuant of Section 13 or 15(d) of the Securities Exchange Act of 1939 for the transition period ____ 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 (IRS Employer Identification No.)
incorporation or organization)

1285 Avenue of the Americas, 35th Floor New York, NY 10019-6028 212 554 4197

(Address of Principal Executive Offices, including Registrant's zip code and
telephone number)

Mandalay Capital Corp.

Former name, former address and former fiscal year, if changed

Indicate by check mark whether the registrant (1) has 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 [X] No []

The number of shares of the registrant's common stock as of September 30, 2000:
15,579,222 shares.

Transitional Small Business Disclosure Format (check one): Yes [] No [X]

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SAVE THE WORLD AIR INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEET
AS OF SEPTEMBER 30, 2000 AND DECEMBER 31, 1999
(UNAUDITED)

<CAPTION>

	September 30, 2000	December 31, 1999
<S>	<C>	<C>
ASSETS		
Current assets		
Cash and cash equivalents	\$ -	\$ 595
Total current assets	-	595
Intangible assets		
Marketing and manufacturing rights to Zero Pollution Fuel Saving Device	505,000	505,000
Total assets	\$ 505,000	\$ 505,595
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Payable to shareholder	\$ 760,812	\$ 500,000
Total current liabilities	760,812	500,000
Shareholders' equity		
Common stock (par value \$0.001) 200,000,000 shares authorized; September 30, 2000-15,579,222 issued; December 31, 1999-15,297,125 issued	15,579	15,297
Paid in capital	14,270	14,270
Deficit accumulated during development stage	(285,661)	(23,972)
Total shareholders' equity	(255,812)	5,595
Total liabilities and shareholders' equity	\$ 505,000	\$ 505,595

</TABLE>

The accompanying notes are an integral part of these financial statements.

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<TABLE>

SAVE THE WORLD AIR INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF OPERATIONS
FOR THE NINE AND THREE MONTHS ENDED SEPTEMBER 30, 2000
AND SEPTEMBER 30, 1999
(UNAUDITED)

<CAPTION>

Three months ended September 30,	Three months ended September 30,	Nine months ended September 30,	Nine months ended September 30,
----------------------------------------	----------------------------------------	---------------------------------------	---------------------------------------

	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
INCOME				
Sales of licenses for distributorships	\$ -	\$ -	\$ -	\$ 125,000
Consultancy fees	9,980	-	9,980	-
GENERAL AND ADMINISTRATIVE EXPENSES				
Accommodation	9,007	-	49,818	-
Accounting and auditing	3,500	-	8,375	-
Bank charges	3,022	-	3,895	144
Car hire	2,254	-	7,119	-
Computer service	6,811	-	9,408	-
Consulting	23,250	309	88,277	3,867
Filing fees	-	-	1,581	-
Internet services	2,906	-	6,243	-
Legal expenses	68	-	68	-
Mineral claims written off	-	1,955	1,955	-
Miscellaneous	1,077	-	1,077	-
Printing and postage	144	-	365	1,053
Professional fees	-	-	1,021	62,500
Radio and PR services	-	-	13,594	-
Rent	-	-	1,216	-
Secretarial fees	-	506	866	11,164
Telephone	3,236	-	7,629	-
Transfer agent's fees	-	-	13,018	-
Travel	17,591	98	58,099	46,982
Total expenses	72,866	2,868	271,669	127,665
Loss from operations before income taxes	(72,866)	(2,868)	(261,689)	(2,665)
Income taxes	-	-	-	-
Net (loss)	\$ (72,866)	\$ (2,868)	\$ (261,689)	\$ (2,665)

</TABLE>

The accompanying notes are an integral part of these financial statements.

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<TABLE>

SAVE THE WORLD AIR INC.
(DEVELOPMENT STAGE COMPANY)
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000
AND SEPTEMBER 30, 1999
(UNAUDITED)

<CAPTION>

	Nine months ended September 30, 2000	Nine months ended September 30, 1999
<S>	<C>	<C>
Funds provided from (used for) operations		
Net (loss) during development stage	\$ (261,689)	\$ (2,665)
Funds provided by (used for) working capital		
Prepaid expenses	-	1,000
Payable to shareholder	260,812	500,000
Funds provided (used for) disposition or purchase of intangible assets		
Rights to Zero Pollution Fuel Saving Device	-	(505,000)
Mineral property	-	1,955
Funds provided from (used for) financing activities		
Proceeds from issuance of stock	282	5,267
Net funds provided from (used for) all activities	(595)	557
Cash balance at year end	595	38
Cash balance at September 30	\$ -	\$ 595

</TABLE>

The accompanying notes are an integral part of these financial statements.

<TABLE>

SAVE THE WORLD AIR INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000 AND SEPTEMBER 30 1999
(UNAUDITED)

<CAPTION>

	Common Stock			Deficiency
	Number of shares	Issued at par	Paid in capital	
<S>	<C>	<C>	<C>	<C>
Balance at December 31, 1998	10,030,000	\$ 10,030	\$ 14,270	\$ (21,307)
Common stock issued after acquisition of rights to Zero Pollution Fuel Saving Device	5,000,000	5,000	-	-
Common stock issued for services rendered	267,125	267	-	-
Net(Loss) for the nine months				(2,665)
Balance at September 30, 1999	15,297,125	\$ 15,297	\$ 14,270	\$ (23,972)

	Common Stock			Deficiency
	Number of shares	Issued at par	Paid in capital	
Balance at December 31, 1999	15,297,125	\$ 15,297	\$ 14,270	\$ (23,972)
Common stock issued for services rendered	282,097	282	-	-
Net (Loss) for the nine months	-	-	-	(261,689)
Balance at September 30, 1999	15,579,222	\$ 15,579	\$ 14,270	\$ (285,661)

</TABLE>

The accompanying notes are an integral part of these financial statements.

SAVE THE WORLD AIR INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000
AND SEPTEMBER 30, 1999
(UNAUDITED)

1. DESCRIPTION OF THE BUSINESS

The Company was incorporated on February 18, 1998 under the name "Mandalay Capital Corp.". The Company changed its name to "Save the World Air, Inc." on February 11, 1999 following the signing of the agreement by and between the Company and Jeffrey Muller with respect to the Company's purchase of "Zero Pollution Emission Device". Under the terms of the agreement, the Company issued 5,000,000 shares of its common stock to Mr. Muller and agreed to pay \$500,000 and \$10 royalty for every unit of the device sold.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles and include the following policies.

(a) BASIS OF PRESENTATION - GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The company has been engaged in the development of its zero pollution fuel saving device. The Company's ability to meet its obligations and successfully develop its project and, ultimately, to attain profitable operations is dependent upon further developing and marketing the device known as Zero Pollution and obtaining additional financing from either third parties or its present stockholders.

(b) ACCOUNTING METHODS

The Company recognizes income and expenses based on the accrual method of accounting.

(c) DIVIDEND POLICY

The Company has not yet adopted any policy regarding the payment of dividends.

(d) CASH AND CASH EQUIVALENTS

The Company considers all highly liquid instruments purchased with maturity, at the time of purchase, of less than three months, to be cash equivalents.

(e) LOSS PER SHARE

Primary loss per share amount is computed based on the weighted average number of shares actually outstanding during the period reported on. Fully diluted loss per share is computed under the same basis since there are not warrants or share subscriptions outstanding.

(f) INCOME TAXES

The Company has a operating loss carry-forward incurred from inception to December 31 1999 in the amount of \$23,972. No tax benefit from the operating loss carried forward has been recorded because the future tax benefit is uncertain.

The net operating loss carryover will expire beginning in the year 1999 through 2013.

(g) FOREIGN CURRENCY TRANSLATION

The transactions of the Company completed in foreign currencies have been translated to US dollars. Assets and liabilities are translated at the year-end exchange rates and the income and expenses at the average rates of exchange prevailing during the period reported on. Any gains or loss resulting from the translations would be shown in the Statement of Operations.

(h) START UP COSTS

The Company has expensed all start up expenses in accordance with AICPA Statements of Position 98-5.

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3. RELATED PARTY TRANSACTIONS

All of the marketing and manufacturing rights for the Zero Pollution Fuel Saving Device were acquired from Jeffrey Muller, the Company's officer and sole director for 5,000,000 shares, \$500,000 and a \$10 royalty for each unit sold, pursuant to the agreement entered into in December, 1998, by and between the Company and Mr. Muller.

Mr. Muller, the majority stockholder, is active in running the business of the Company. No compensation is paid and the Company has reflected no expense in the Statement of Operations.

In January, 2000 the Company entered into an agreement offering Jeffrey Muller and Lynne Muller, Mr. Muller's wife, the rights to purchase five million shares each at \$0.10 per share (current market price as of the date of grant) as consideration for work done for the Company.

4. LEASES

The Company has no leases of any property. The Company presently uses the offices of its attorney at 1285 Avenue of the Americas, 35th Floor, New York, N.Y. 10019-6029, the offices of one of its shareholders in Australia and another office in San Diego, all such arrangements are at no cost to the Company.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

ALL FORWARD-LOOKING STATEMENTS CONTAINED HEREIN ARE DEEMED BY THE COMPANY TO BE COVERED BY AND TO QUALIFY FOR THE SAFE HARBOR PROTECTION PROVIDED BY THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 THE 1995 ACT SHAREHOLDERS AND PROSPECTIVE SHAREHOLDERS SHOULD UNDERSTAND THAT SEVERAL FACTORS GOVERN WHETHER ANY FORWARD - LOOKING STATEMENT CONTAINED HEREIN WILL BE OR CAN BE ACHIEVED. ANY ONE OF THOSE FACTORS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED HEREIN. THESE FORWARD - LOOKING STATEMENTS INCLUDE PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS, INCLUDING PLANS AND OBJECTIVES RELATING TO THE PRODUCTS AND THE FUTURE ECONOMIC PERFORMANCE OF THE COMPANY. ASSUMPTIONS RELATING TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE AND MARKET CONDITIONS, FUTURE BUSINESS DECISIONS, AND THE TIME AND MONEY REQUIRED TO SUCCESSFULLY COMPLETE DEVELOPMENT PROJECTS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY AND MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY. ALTHOUGH THE

COMPANY BELIEVES THAT THE ASSUMPTIONS UNDERLYING THE FORWARD - LOOKING STATEMENTS CONTAINED HEREIN ARE REASONABLE, ANY OF THOSE ASSUMPTIONS COULD PROVE INACCURATE AND, THEREFORE, THERE CAN BE NO ASSURANCE THAT THE RESULTS CONTEMPLATED IN ANY OF THE FORWARD - LOOKING STATEMENTS CONTAINED HEREIN WILL BE REALIZED. BASED ON ACTUAL EXPERIENCE AND BUSINESS DEVELOPMENT, THE COMPANY MAY ALTER ITS MARKETING, CAPITAL EXPENDITURE PLANS OR OTHER BUDGETS, WHICH MAY IN TURN AFFECT THE COMPANY'S RESULTS OF OPERATIONS. IN LIGHT OF THE SIGNIFICANT UNCERTAINTIES INHERENT IN THE FORWARD - LOOKING STATEMENTS INCLUDED THEREIN, THE INCLUSION OF ANY SUCH STATEMENT SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE COMPANY OR ANY OTHER PERSON THAT THE OBJECTIVES OR PLANS OF THE COMPANY WILL BE ACHIEVED.

The Company was incorporated in February 1998 and the sole purpose of the Company is the manufacture and distribution of the device commonly referred to as the Zero Emission Fuel Saving Device ("ZEFS").

The Company has yet to make a profit and the Board of Directors believe that the Company will not make a profit in the immediate future.

The purpose of the Company is to develop the technology and then to sell Country, Regional and Area licenses world wide for the distribution of the device. At the same time, the Company continues to research and develop the product for increasing technological efficiency. It is also examining the market capabilities of other new environmentally friendly technologies.

The Company does not have the liquidity or the funding surplus to continue either its research and development or its day-to-day operations. These costs are being met from the personal resources of the majority shareholder. Once the Company reaches a level of profitability, the shareholder's loans will be expected to be repaid by the Company together with any deferred compensation due to the shareholder.

This shareholder has not placed an upper limit on the Company expenditure, but the Company anticipates that its reliance on this shareholder will diminish within the next two fiscal quarters as distribution licenses are sold within mainland America and other countries.

The comparison of the third quarter and first nine months of 2000 with the third quarter and first nine months of 1999 indicates that the Company has increased its level of spending on company operations. Marketing efforts will be stepped up as finances allow.

The Company will continue in its efforts to raise capital. There can be no assurance that the Company will be able to obtain capital.

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PART II. OTHER INFORMATION

Item 1. Legal proceedings	NONE
Item 2. Changes in securities and use of proceeds	NONE
Item 3. Defaults on senior securities	NONE
Item 4. Submission of items to a vote	NONE
Item 5. Other information	NONE
Item 6.	
a) Exhibits	NONE
b) Reports on 8K	NONE

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SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

SAVE THE WORLD AIR, INC.
(REGISTRANT)

Signature	Title	Date
-----	-----	----
/s/ Jeffrey A. Muller	Chairman and President	November 20, 2000

-

(Jeffrey A. Muller)

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