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BION ENVIRONMENTAL TECHNOLOGIES INC

Form 10QSB/A

February 20, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-QSB/A

Amendment No. 1

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2000 OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 OR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number 0-19333

Bion Environmental Technologies, Inc.

(Exact name of registrant as specified in its charter)

Colorado

84-1176672

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

18 East 50th Street 10th Floor, New York, NY

10022

(Address of principal executive offices)

(Zip Code)

(212) 758-6622

(Registrant's telephone number, including area code)

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 outstanding of registrant's classes of common stock, as of November 10, 2000: Common Stock, No Par Value, 13,041,685.

Transitional Small Business Disclosure Format (Check one): Yes ___ No X

PART II

ITEM 2. Changes in Securities and Use of Proceeds

The following securities were sold in the three month period ended September 30, 2000 without registration under the Securities Act of 1933, as amended:

Warrants

We issued 1,000,000 D2D Warrants and 500,000 D2E Warrants issued to D2 CO. LLC on August 10, 2000 to purchase restricted and legended stock at \$3.50 and \$6.00 per share, respectively. These warrants were valued at \$737,005 using the Black-Scholes model and are exercisable from January 1, 2002 to August 10, 2005. See our Form 8-K dated August 3, 2000, Exhibit 99.2. These warrants were issued for services rendered pursuant to the management agreement between us and D2 CO. LLC.

We issued 100,000 J-2 Warrants to a director on August 10, 2000 to purchase restricted and legended stock at \$2.375 per share. These warrants are exercisable from August 10, 2000 to December 31, 2004 and were valued at \$63,873 using the Black-Scholes model. See our Form 8-K dated August 3, 2000, Exhibit 99.3. These warrants were issued for services rendered.

We issued 3,825 J-1 Warrants on August 9, 2000 to a broker as compensation for their placement of convertible bridge notes. See our Form 8-K dated April 13, 2000 Exhibits 10.1, 10.2, and 10.3.

Common Stock

We issued 1,139,016 shares of restricted and legended Common Stock to 43 holders of Class X and Z Warrants in exchange for their warrants. 634,656 Class X Warrants and 6,323,884 Class Z Warrants were exchanged and we recorded \$2,173,460 as additional expense related to the beneficial value of the consideration received over the value of the Warrants surrendered.

Convertible Notes

During the quarter ended September 30, 2000, we added \$60,000 in principal to the convertible bridge notes held by D2Co., LLC for management fees. We also added \$107,884 of interest to the convertible notes listed in Note 3 during the quarter ended September 30, 2000.

The warrants, shares of our Common Stock and convertible notes which were issued pursuant to the transactions set forth above were issued in reliance upon the exemptions from registration afforded by Sections 3(b), 4(2), and/or other provisions of the Securities Act of 1933, as amended. Each of the persons to whom such securities were issued made an informed investment decision based upon negotiation with us and was provided with appropriate offering documents and/or access to material information regarding Bion. We

believe that such persons had knowledge and experience in financial and business matters such that they were capable of evaluating the merits and

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risks of the acquisition of our Common Stock in connection with these transactions. All certificates representing such common shares bear an appropriate legend restricting the transfer of such securities, except in accordance with the Securities Act of 1933, as amended, and stop transfer instructions have been provided to our transfer agent in accordance therewith.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this amendment to be signed on its behalf by the undersigned thereunder duly authorized.

Bion Environmental Technologies, Inc.

By: /s/ David Fuller

David Fuller, Authorized Officer and
Principal Accounting Officer

Dated: February 20, 2002