BION ENVIRONMENTAL TECHNOLOGIES INC.

“Production agriculture, environmental necessities and raw economics are coming together like never before. Companies on the cutting edge of these efforts, like Bion, can change the entire way farming and natural resources management have been done throughout our history.”

Dan Glickman
U.S. Secretary of Agriculture, 1995 – 2001

December 1, 2011

Forward Looking Statements

This presentation contains, in addition to historical information, forward-looking statements regarding Bion Environmental Technologies, Inc. (the "Company"), which represent the Company's expectations or beliefs including, but not limited to, statements concerning the Company's operations, performance, financial condition, business strategies, and other information and that involve substantial risks and uncertainties. The Company's actual results of operations, most of which are beyond the Company's control, could differ materially. For this purpose, any statements contained in this presentation that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," "projected" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. Factors that could cause or contribute to such difference include, but are not limited to, limited operating history; uncertain nature of environmental regulation and operations; risks of development of first of their kind Integrated Projects; need for additional financing; competition; dependence on management; and other factors. Investors are urged to also consider closely the disclosures and risk factors in the Company's current Form 10-K, filed with the Securities and Exchange Commission, available at www.sec.gov.

Bion Overview

- Bion's technology largely eliminates environmental impacts of large-scale livestock production
- ONLY technology that provides comprehensive treatment
- Livestock waste recently acknowledged as one of the greatest environmental problems in U.S. today
- Reclaims renewable energy and nutrients from the waste stream

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- 30 first-generation systems installed through 2003
- Next-generation technology: 20 years and approx $60 million
- Proven, scalable, commercially-tested, extensive IP coverage
- Kreider Farm Phase 1 construction completed June 2011
  - Reduce nitrogen discharges/ammonia emissions that impact the Chesapeake Bay
  - Grand Opening July 21, 2011

Capital Structure

Shares Outstanding	15.7M
Shares Fully Diluted	27.3M
Public Float	~7M
Insider Ownership	~21M
Institutional Holdings (Carret Asset Management)	~1.5M
Debt (Pennvest: Kreider Project Financing)	$7.8M
12 Month Range	$2.10 – 4.50
FD Market Cap ($2.50)	$68M
OTC QB/BB	BNET

The Great Irony

- $ Trillions spent on sewer and municipal waste water treatment systems in the last 50 to 60 years
- $ Billions every year to treat human waste in compliance with the Clean Water Act since the 1970s
- Yet we have ignored a source of similar organic waste that is 22 times greater that is generally UPSTREAM and UPWIND from our major population centers

Increased Watershed Density and Concentration

From a few cows…

To more cows…

- More than half of U.S. livestock reside on CAFOs (Concentrated Animal Feeding Operations)
- US EPA estimates over 20,000 CAFOs in U.S. today

…to CAFO's

U.S. Livestock Census
2006 USDA-NASS

- Dairy cows: 9,112,000
- Cattle/calves: 105,200,000
- Swine: 61,687,000
- Poultry: 1,800,000,000

U.S. livestock produce more than 1.4 billion tons of effluent waste annually

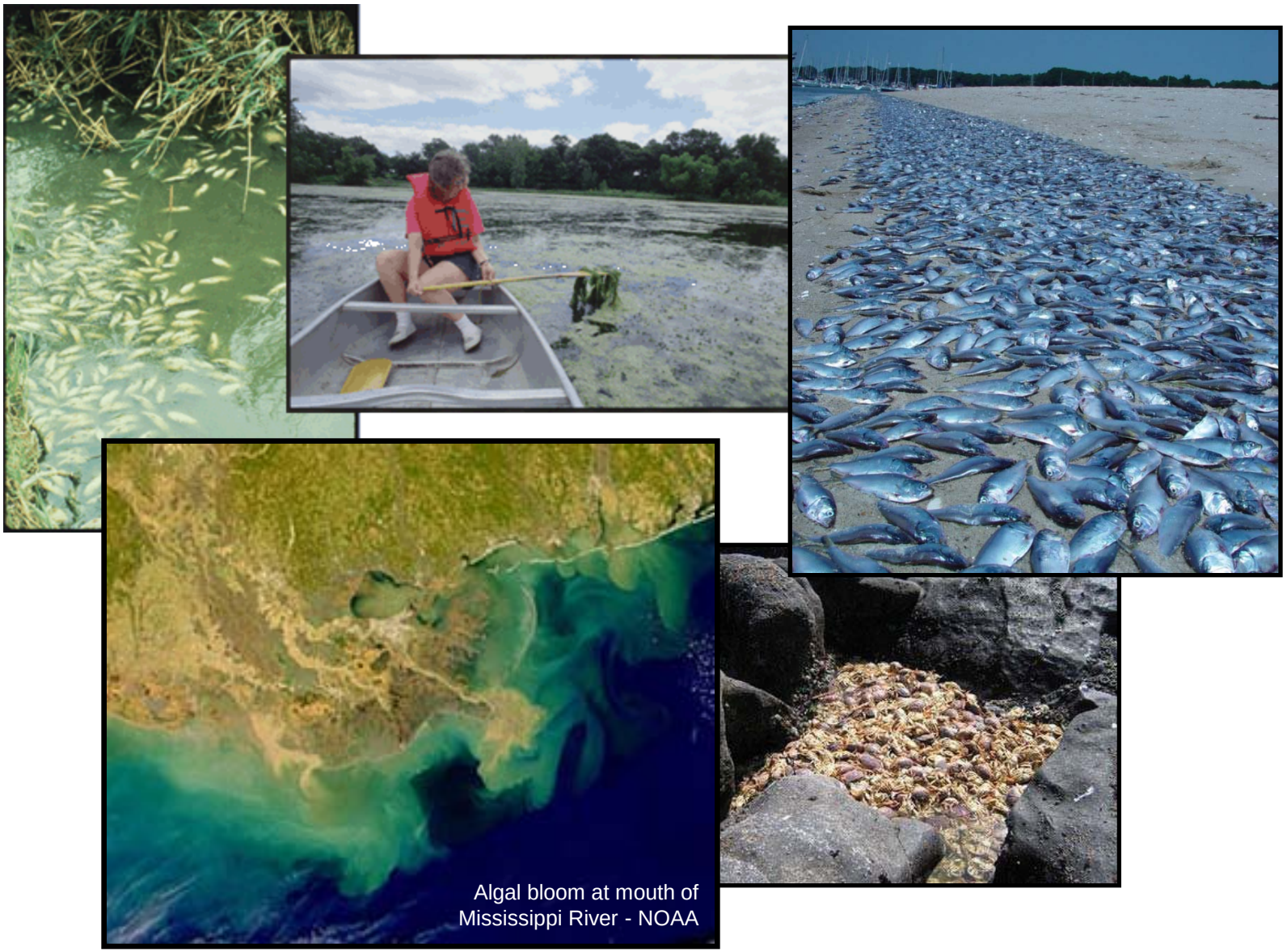
Livestock Waste

Untreated waste is applied to fields for its fertilizer value

- Nutrients:
  - nitrogen
  - phosphorus
- Ammonia/VOCs
- Greenhouse gases
- Hydrogen sulfide
- Odors
- Pathogens
- Antibiotics
- Hormones
- Herbicides
- Pesticides

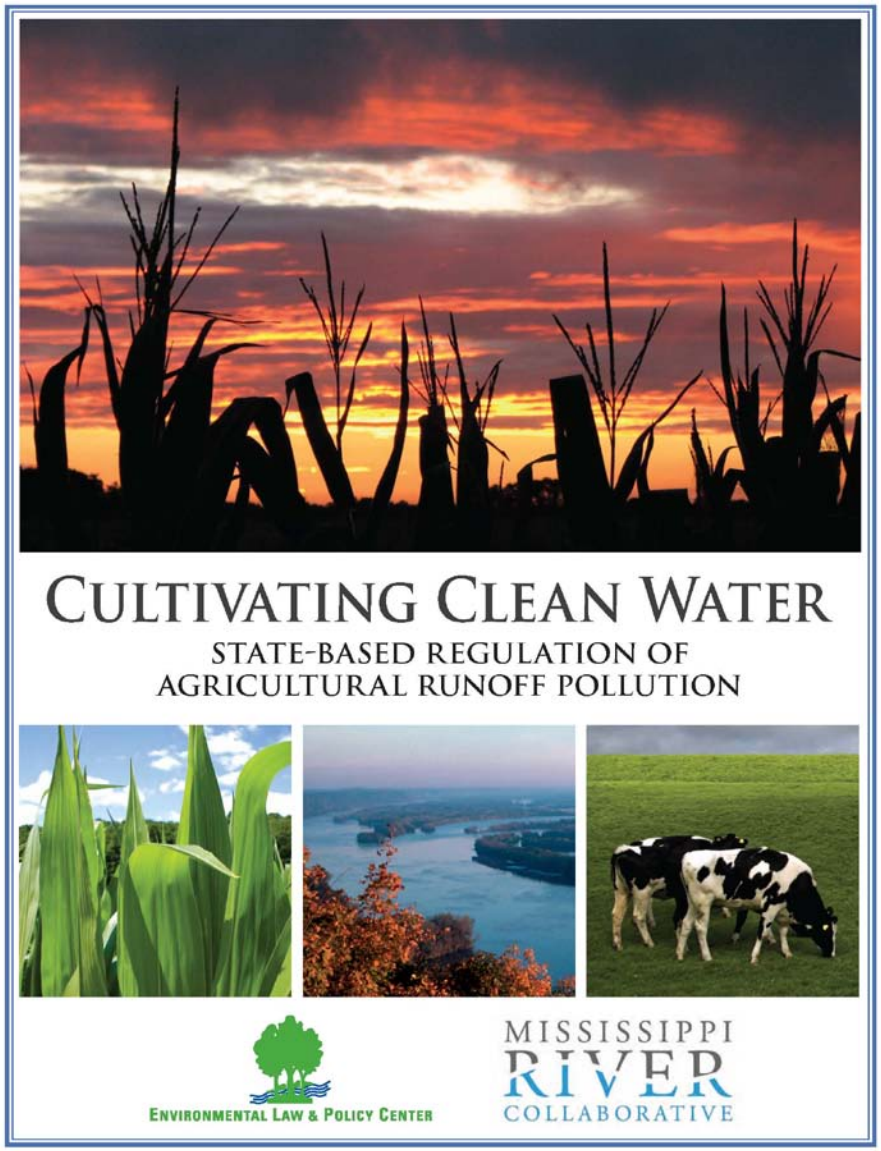
- ~50% of the N volatilizes (as ammonia)
- Ammonia is re-deposited downwind
- ~60% of remaining N runs off to ground or surface water
- >80% is released to contaminate downstream environment
- <20% of original N is bio-available for use by crops

Gulf of Mexico 'Dead Zone'



Algal bloom at mouth of Mississippi River - NOAA

Mississippi River Collaborative Report
March 2010



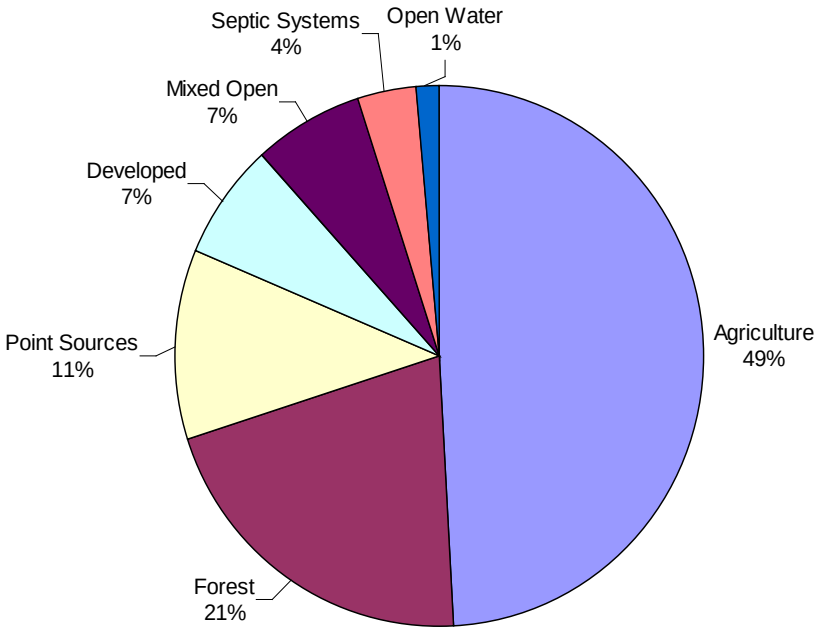
According to a task group made up of U.S. EPA staff and state regulators…

"nitrogen and phosphorus pollution has the potential to become one of the costliest, most difficult environmental problems we face in the 21st century."

PA Chesapeake Bay Nitrogen Loading
Point vs. Non-Point Source Contribution

- Non-point sources are responsible for 89% of N loading to the CB but are not regulated under US Clean Air and Clean Water Acts
- Absent point source nitrogen, modeling allocates 55.5% of non-point source contribution of nitrogen to agriculture

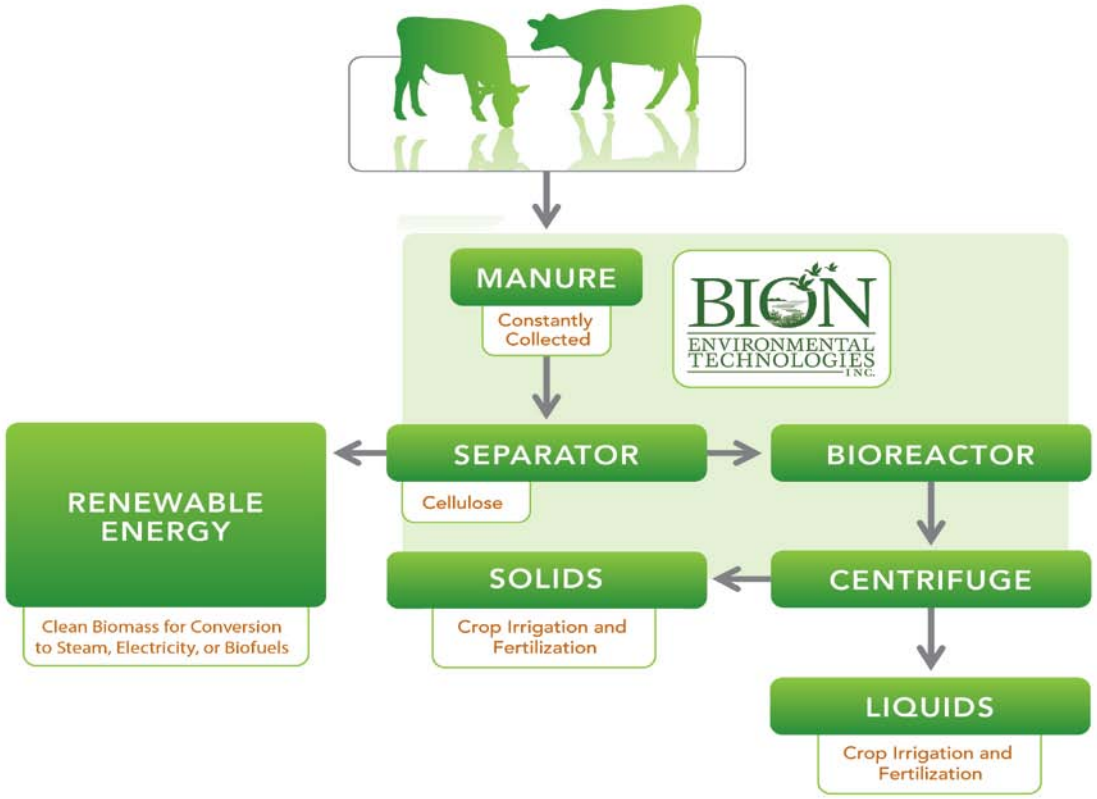
Total Nitrogen in Pounds Per Year	
Land Use	Delivered Load
Agriculture	53,663,000
Forest	22,659,000
Point Sources	12,487,000
Developed	7,538,000
Mixed Open	7,272,000
Septic Systems	4,023,000
Open Water	1,567,000
Total	**109,209,000**



Source: http://www.depweb.state.pa.us/chesapeake/lib/chesapeake/pdfs/tribstrategy.pdf Page 15

Bion Micro-Aerobic Digestion System

Bion's Advanced Micro-Aerobic Digestion System – Kreider Farms Dairy



- 30 First-Gen systems installed
- Second-Gen system proven in commercial application
- 6 U.S. patents issued; 2 pending
- 5 International patents issued; 6 pending (including EU)

Bion System Performance

Nitrogen and Phosphorus	70% to 95%
Ammonia	>95%
Greenhouse Gases	90%
Hydrogen Sulfide	80%
Odors (attributed to waste)	minimal
Pathogens	99.9999%
Antibiotics	not tested
Hormones	not tested
Herbicides/Pesticides	not tested

ONLY COMPREHENSIVE ENVIRONMENTAL SOLUTION

Business Development/Models

1. Bion Services Group
   - Retrofit existing facilities
     - Large scale facilities
     - Credit revenues in appropriate locations
     - Increase herd size and/or reduce land requirements
     - Substantially reduce waste disposal costs and requirements
     - Renewable energy production
     - Compliance with current/future regulations
   - Central processing facilities
     - Smaller facilities with geographic concentration

2. Bion Integrated Projects Group
   - Consolidation/Relocation

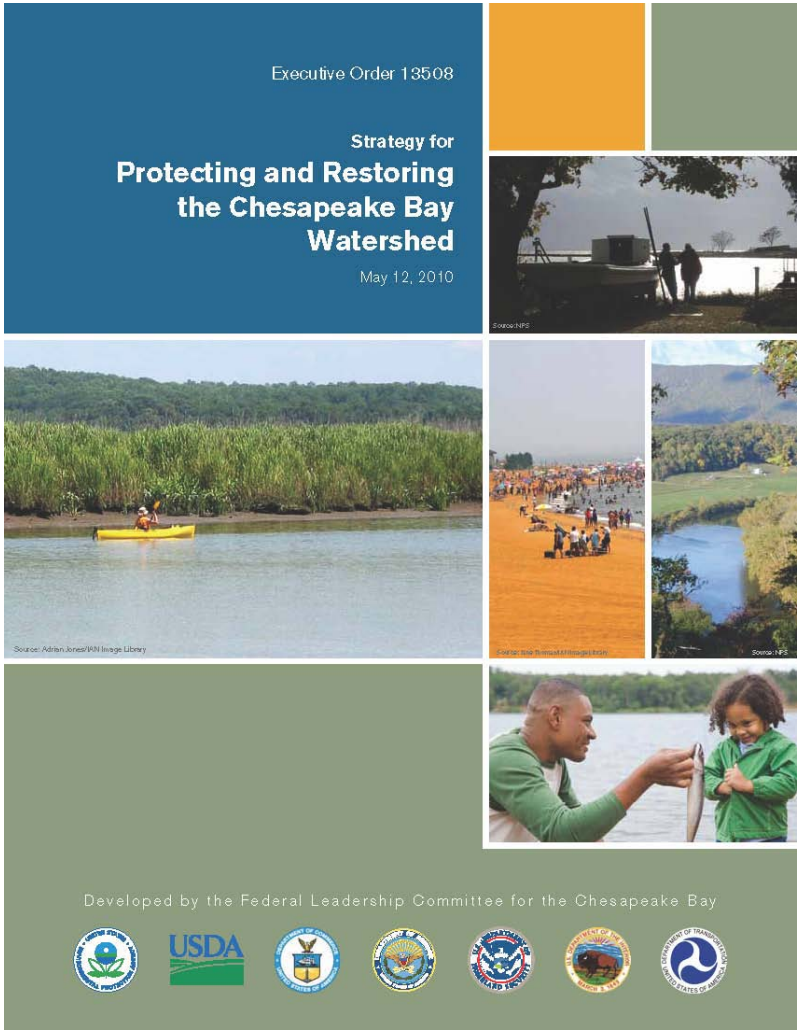
BION SERVICES GROUP INC.

“The Bion Farm Waste Treatment System is a shining example of the type of ingenuity and innovation that we need to overcome the significant and unique challenges we face in reducing pollution in the Chesapeake Bay. I am grateful that Bion Environmental Technologies and Kreider Farms are leading the way in helping Pennsylvania meet our pollution reduction goals to protect this vital natural resource.”

Mike Brubaker
PA State Senate Finance Committee Chairman
Vice Chairman - Chesapeake Bay Commission

Chesapeake Bay

- Executive Order 13508 (May 12, 2009) recognizes the Chesapeake Bay as a national treasure and calls on the federal government to lead a renewed effort to restore and protect the nation's largest estuary and its watershed.
- 2025 US EPA TMDL requires a reduction of more than 63M pounds of nitrogen per year (60% by 2017).
- Estimated cost (Bay-wide): $15B to $28B



Solutions

- Best Management Practices (BMPs)
  - Ineffective
- Export out of watershed
  - Unsustainable and ineffective
- Muni wastewater treatment plant upgrades
  - $20 to $40 per pound of N removed
- Storm water treatment
  - $100 to $200 per pound of N removed
- Alternatives
  - Technology
  - Nutrient Credit Trading

Municipal Plant Upgrades

Danville, PA

- $21+ million in capital
  - $9mm est. for nitrogen portion
- Operating costs TBD
- Approx. 10,000 pounds of nitrogen reduction
- **$900 per lb/yr**
- Rates for Single Family
  - **From $95 per year to $287 per year**

Blue Plains, D.C.

- $900 million in capital
- Operating costs TBD
- 600,000 pounds of nitrogen reduction
- **$1,500 per lb/yr**
- Rates for Single Family Not Made Public Yet
  - The absolute dollar increase will dwarf Danville, PA

Treatment of pathway – not source

Bion alternative cost: $8 to $10/lb/yr

Bion-Kreider Grand Opening

- Link to video
- ABC 27 – Harrisburg
- Stakeholders
  - Ron Kreider, CEO, Kreider Farms
  - George Grieg, PA Secretary of Agriculture
  - John Hines, PA Secretary of Department of Environmental Protection
  - Paul Marchetti, Executive Director, PENNVEST

Ed Schafer, Executive Vice Chairman

- Just-previous US Secretary of Agriculture 2008 – 2009
- Former Governor of North Dakota 1992 – 2000
  - Chair, Republican Governors Association, 2000
  - Chair, National Governors Association Economic Development Committee, 1999
  - Chair, Western Governors Association, 1997
  - Chair, Midwest Governors Conference, 1995
  - Lead Governor for Technology, Western Governors Association
  - Lead Governor for Trade, National Governors Association
- Private sector experience – turnaround and startup
- Executive Vice Chairman – key member of Bion's senior management team

PENNVEST Project Financing

PENNVEST
PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY

- PENNVEST (Pennsylvania Infrastructure Investment Authority)
- 20 years – over $5 billion in loans and grants for water infrastructure improvement projects
- ‘Gatekeeper’ for PA MWTP capital needs
- Mandate to use least-cost nutrient reduction solutions including nutrient credit trading
- Low-interest loan approval followed lengthy technology review process by PA DEP and Penn State Univ. and stakeholder meetings involving US EPA

Grand Opening Attendees

- USDA Chief Scientist
- USDA Rural Development
- US EPA Region 3 Director
- PA Sec of Agriculture
- PA Sec of DEP
- PA NRCS
- PENNVEST Exec Dir
- PennFutures
- Chesapeake Bay Foundation
- PA Farm Bureau
- PA Municipal Authorities Assn
- PA Builders Assn
- American Farmland Trust
- PA State Conservation Comm
- Penn State University
- Manheim Water Authority
- Harrisburg WA
- Penn Township WA
- Lancaster County WA
- PA Power and Light (PPL)
- Ind or reps from:
  - US Rep Pitts
  - US Sen Casey
  - US Sen Toomey
  - PA Rep Petrarca
  - PA Rep Creighton
  - PA Sen Vogels
- Many others (approx 130 total)

Cleanup Cost Comparison

On-site Kreider Farm vs Downstream Treatment

BION ENVIRONMENTAL TECHNOLOGIES INC.

- 3,000,000 pound reduction downstream
- $40/pound/year federal & state agencies cost estimate for municipal upgrades and stormwater treatment (very low end estimate)

$120,000,000 annual cost

- 3,000,000 pound reduction from Kreider Farms waste treatment
- $10/pound/year

$30,000,000 annual cost

$90 million annual cost savings

Plus local watershed benefits

Revenues – Kreider Farms

- Approximately 700,000 lbs nitrogen credits certified now
- Anticipate ~1.7M lbs credits upon adoption of new pollution model (in process)
- Anticipate ~3 million lbs credits by end of 2012
- Credit sales projected at **$8 to $10/lb/yr**
  - Renewable energy sales and/or credits
  - Stabilized nutrient sale
  - Greenhouse gas emission reduction credits
  - Local watershed credits: phosphorus

~25 million credits/yr in Chesapeake Bay alone

Mississippi River Basin/GOM

- Drains 31 states
- 2 Canadian provinces
- All states have adopted nutrient trading

- Requires ~1B lbs of N reduction
- Thousands of large farms

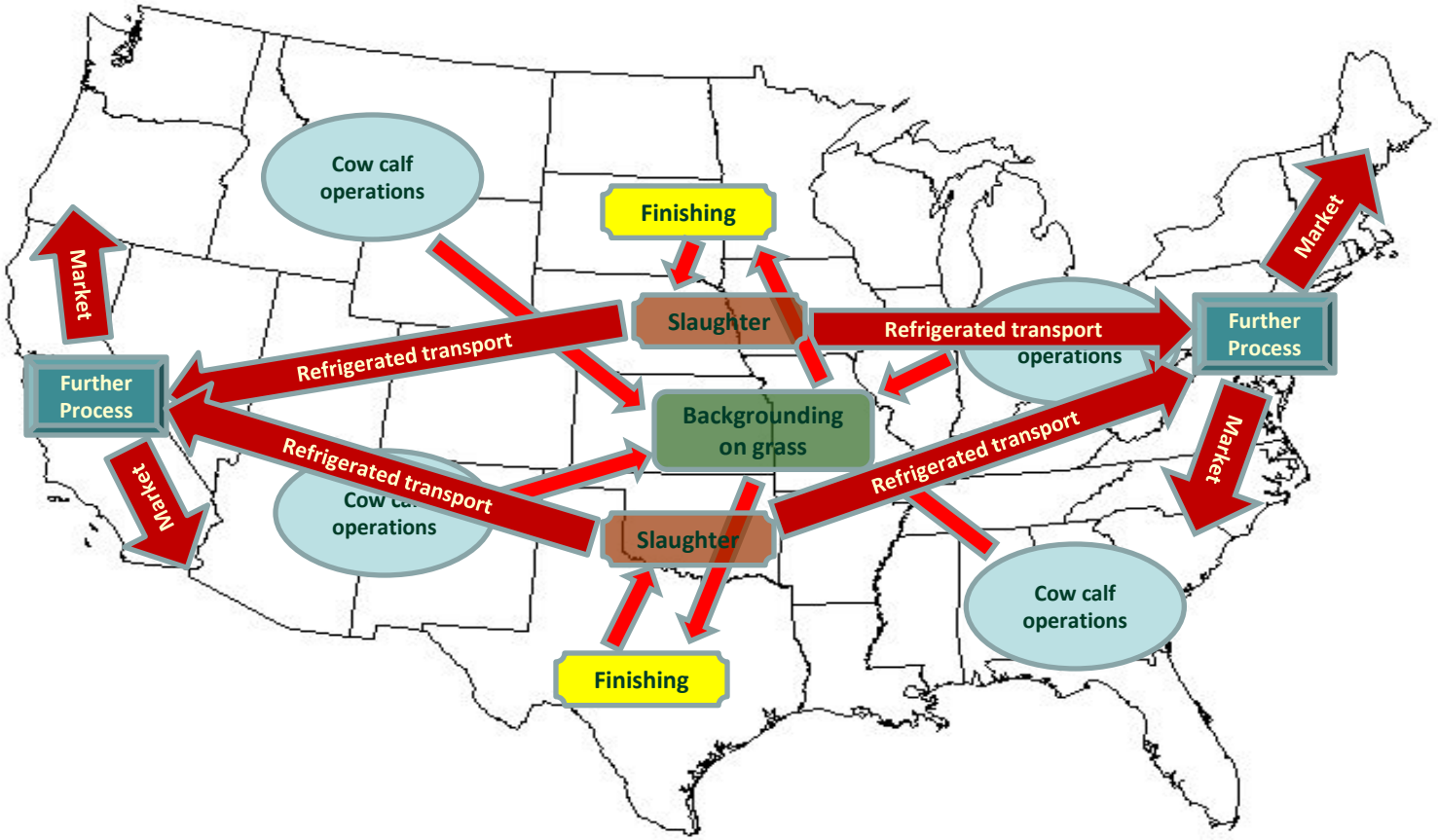
"Again and again in business history, an unknown company has come from nowhere and in a few short years overtaken the established leaders without apparently even breathing hard. The explanation always given is: superior strategy, superior technology, superior marketing and/or lean manufacturing. But in every single case the new company has a tremendous advantage … the reason is always the same: ***The new company manages the costs of the entire chain, rather than its costs alone***."

Peter Drucker
Harvard Business Review, Jan/Feb 1995

Livestock Industry Recent Summary

- Up until 2000, the livestock industry had been expanding and relocating for 30 years
  - Attempting to increase efficiencies through scale
  - Attempting to relocate to more strategic sites
    - Current location not always by design/economic logic
    - “Where can I get a permit?”
    - Made possible by cheap fuel and abundant water
- Activity all but halted approx 10 years ago: health and environmental concerns – no waste treatment
- Industry economics “broken”

Supply Chain for Finished Goods from Native Cattle
Existing Market Model

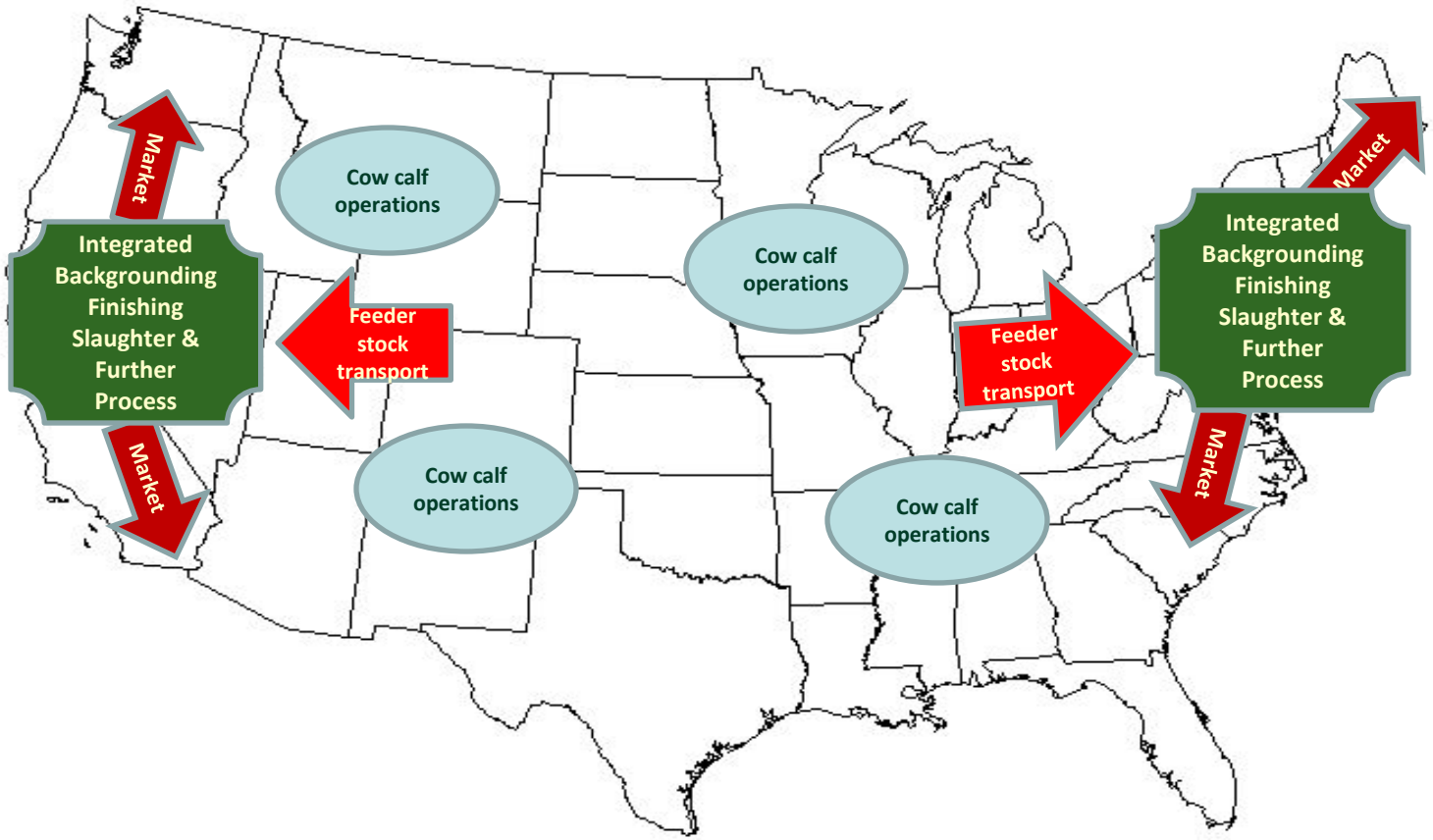


Bion's Tech 'Unlocks' Gate for Industry

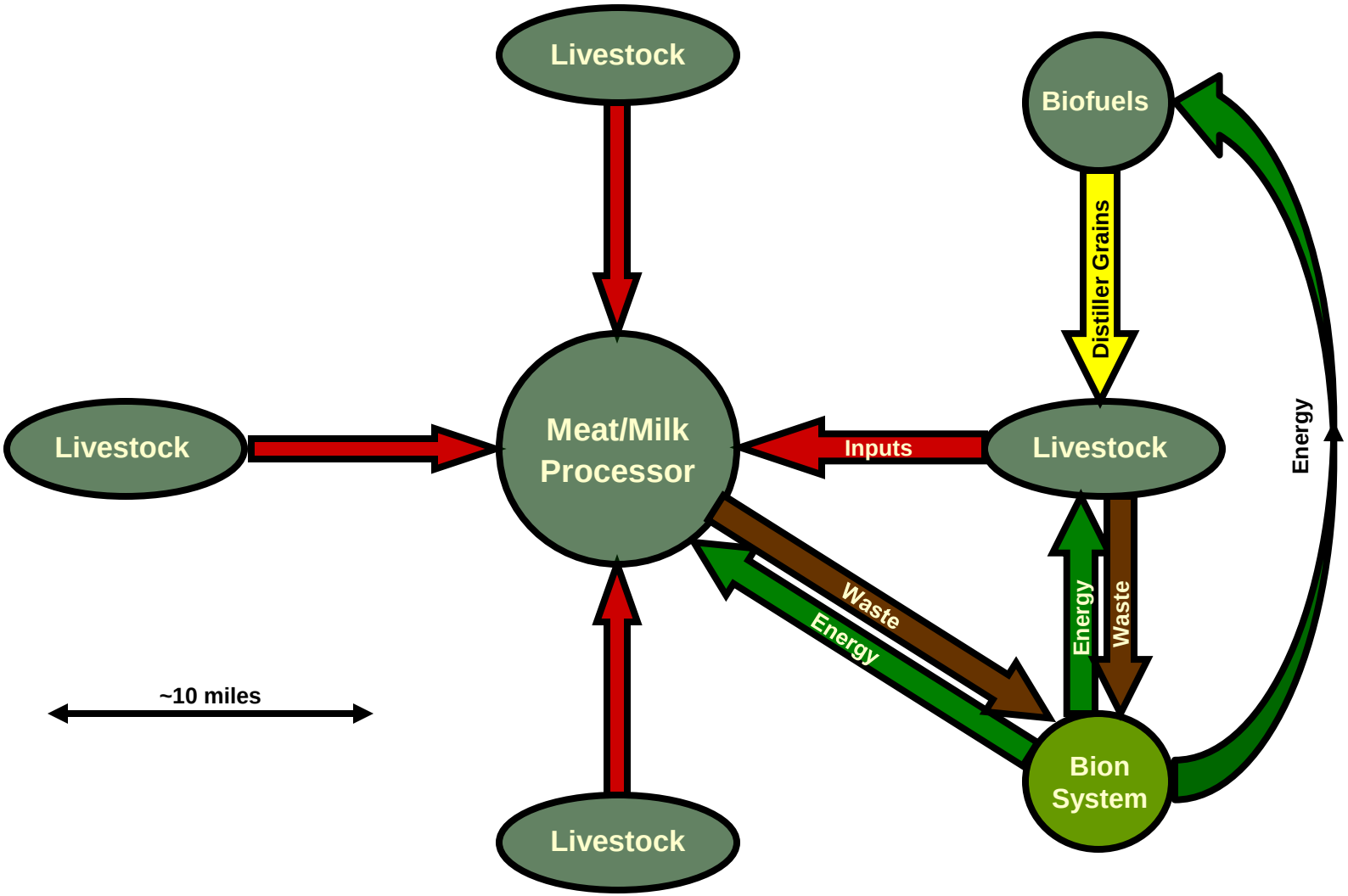
New state-of-the-art, large scale, highly-efficient livestock production facilities integrated with dedicated food processing (and in some locations biofuels production)

- Small environmental and physical footprint
- Increased herd size, density
- Non-traditional strategic locations
- Co- or near-located with processing

Supply Chain for Finished Goods from Native Cattle
Bion Integrated Market Model



Bion Integrated Projects



Mutually Beneficial Integration

- Improved margins/reduced risks for all participants
- Substantially reduced transportation/fuel costs
- Increased resource efficiency
  - Production efficiencies increase with scale/synergies
  - Co-process waste from livestock and processing
  - On-site use of renewable energy

Specific participant benefits

- Processor: single-sourcing, food safety, BRANDING
- Livestock Producer: scale, substantially reduced land requirement/CAPEX, premium pricing, ready renewable energy customer, reduced feed costs with biofuels production integration
- Biofuel Producer: approx 2.5X production efficiencies

Bion's Integrated Projects

- Increase annual EBITDA returns by five percentage points (or more) over existing industry metrics
- IP's with scale and attributes described are only possible today utilizing Bion's patented and proprietary technology
- Preliminary and on-going discussions with several regionally-, nationally- and internationally-known food producers, processors, and distributors, to develop projects which integrate new livestock herds with both existing and new processing facilities.

Transition (Next 12 Months)

- Kreider project now in operation
- Currently verifying reductions through PA DEP/US EPA
- Implement Kreider Phase 2
  - Poultry waste/renewable energy
- Begin credit sales
  - Minimal credit sales in 2011
  - Cash Flow positive Q2/Q3 2012 (Phase 2 credits verified)
  - End of 2012/mid-2013 annual ‘run rate’ of approx 3M credits
- Series B/C conversion completed
- Increase shareholder equity
- AMEX uplist
- Anticipate additional projects
  - PA, CA, MRB
  - Integrated Project(s) for international customers

A Perfect Storm

- ‘Nutrient crisis’ in the U.S. today
- Science/studies are in
  - Livestock identified and acknowledged as primary source of environmental and health issues
- We are in the middle of a true paradigm shift in the livestock production industry
- Consumer demand for environmental responsibility/ lower carbon footprint in ag production
- Bion’s technology perfected, patented, proven
- Bion transitioning from R&D to commercial operations
- Bion’s expertise helping to shape policies and strategies
- Budget crisis creates greater cost efficiency imperative

Nitrogen Pollution

“In 10 years, we won’t be talking about global warming, we’ll be talking about nitrogen.”

“It’s a way bigger issue.”

Jay Ham, meteorology and environmental expert in the soil and crop sciences department at Colorado State University,

AGJOURNAL.com, Dec. 31, 2010

Global Livestock Census

FAOSTAT.com - 2008 values

BION ENVIRONMENTAL TECHNOLOGIES INC.

- Dairy cows: 247,000,000
- Cattle/calves: 1,300,000,000
- Swine: 1,200,000,000
- Poultry: 60,000,000,000