BioNeutral Group, Inc
Form S-1
February 21, 2013

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

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

BIONEUTRAL GROUP, INC.
(Exact name of registrant as specified in its charter)

| Nevada | 26-0745273 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 55 Madison Avenue, Suite 400, Morristown, New Jersey | 07960 |
| (Address of principal executive offices) | (Zip Code) |

(973) 285-3373
(Registrant's telephone number, including area code)

Approximate date of commencement of proposed sale to the public
From time to time after the effective date in this Registration Statement

Mark E. Lowenthal
President, Chief Executive Officer, Principal Financial Officer, and a Director
55 Madison Avenue, Suite 400, Morristown, NJ 07960
Telephone: (973) 285-3373

With a copy to:
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If any of the securities being registered on this Form are to be offered on a delayed or continuous base pursuant to Rule 415 under the Securities Act of 1933 check the following box x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering o Yes

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following

box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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 | o | Accelerated filer | o |
| accelerated filer<br>(Do not check if a smaller reporting company) | o | Smaller reporting company | x |

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Calculation of Registration Fee

| Title of Each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Unit | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|---|---|---|---|---|
| Common Stock | 46,162,280 | $.06 | $2,769,736.80 | $377.79 |

(1) Represents the number of shares of common stock of the Registrant that we are able to put ("Put Shares") to Southridge Partners II, LP ("Southridge") pursuant to an equity credit agreement (the "Equity Credit Agreement") between Southridge and the Registrant effective on December 11, 2012. In the event that adjustment provisions of the Equity Credit Agreement require the Company to issue more shares than are being registered in this registration statement, for reasons other than those stated in Rule 416 of the Securities Act, the Company will file a registration statement to register those additional shares. In the event of stock splits, stock dividends, or similar transactions involving the Registrant's common stock, the number of shares shall, unless otherwise expressly provided, automatically be deemed to cover the additional securities to be offered or issued pursuant to Rule 416 promulgated under the Securities Act of 1933, as amended (the "Securities Act").

(2) The aggregate maximum public offering price of all offered securities issued pursuant to this registration statement will not exceed $2,769,736.80.

(3) Calculated in accordance with Rule 457(o) under the Securities Act of 1933, as amended, at the statutory rate of $136.40 per $1,000,000 of securities registered, pursuant to which a registration fee of $377.79 is being paid with respect to $2,769,736.80 of the registrant's securities.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and we are not soliciting offers to buy, these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

SUBJECT TO COMPLETION, DATED FEBRUARY 20, 2013

# BIONEUTRAL GROUP, INC.

$10,000,000

This prospectus relates to the resale of Shares of our common stock, $.001 par value per share by Southridge pursuant to the Equity Credit Agreement. On December 11, 2012, we entered into an equity credit agreement with Southridge Partners II, LP or Southridge, pursuant to which we may from time to time sell to Southridge shares of our common stock for aggregate gross proceeds of up to $10,000,000 under this registration statement (the “Equity Credit Agreement”). The Equity Credit Agreement provides that Southridge is committed to purchase up to $10,000,000 of our common stock. We may draw on the facility from time to time, as and when we determine appropriate in accordance with the terms of the Equity Credit Agreement.

Southridge is an “underwriter” within the meaning of the Securities Act in connection with the resale of our common stock under the Equity Credit Agreement. No other underwriter or person has been engaged to facilitate the sale of shares of our common stock in this offering. This offering will terminate thirty-six (36) months after the effective date of the Equity Credit Agreement. Southridge will pay us 94% of the lowest closing bid price of our common stock reported by Bloomberg Finance L.P. in a five consecutive trading day period commencing with the date a put notice is delivered.

The proceeds will be used for working capital or general corporate purposes. We will bear all costs associated with this registration.

Our shares of common stock trade on the Over-the-Counter Bulletin Board (“OTC.BB”) under the symbol “BONU.” On February 7, 2013, the last reported sale price for our common stock was $.06 per share. You are urged to obtain current market quotations for our common stock.

THE PURCHASE OF THE SECURITIES OFFERED THROUGH THIS PROSPECTUS INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD INVEST IN OUR COMMON STOCK ONLY IF YOU CAN AFFORD TO LOSE YOUR ENTIRE INVESTMENT. YOU SHOULD CAREFULLY READ AND CONSIDER THE SECTION OF THIS PROSPECTUS TITLED "RISK FACTORS" BEGINNING ON PAGE 4 BEFORE BUYING ANY OF OUR SHARES OF COMMON STOCK.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The date of this preliminary prospectus is February 20, 2013.

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THE FOLLOWING TABLE OF CONTENTS HAS BEEN DESIGNED TO HELP YOU FIND IMPORTANT INFORMATION CONTAINED IN THIS PROSPECTUS. WE ENCOURAGE YOU TO READ THE ENTIRE PROSPECTUS.

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You may only rely on the information contained in this prospectus or that we have referred you to. We have not authorized anyone to provide you with different information. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the common stock offered by this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any common stock in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus nor any sale made in connection with this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information contained by reference to this prospectus is correct as of any time after its date.

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PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and does not contain all of the information you should consider in making your investment decision. Before investing in the securities offered hereby, you should read the entire prospectus, including our financial statements and related notes included in this prospectus and the information set forth under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” This prospectus contains forward looking statements that involve risks and uncertainties. In this prospectus, the terms “BioNeutral,” “the Company,” “we,” “us,” and “our” refer to BioNeutral Group, Inc.

OUR BUSINESS

We are a life science specialty technology company that has developed a novel combinational chemistry-based technology which we believe in certain circumstances may neutralize harmful environmental contaminants, toxins and dangerous micro-organisms, including bacteria, viruses and spores. We currently operate our business through our subsidiary, BioNeutral Laboratories Corporation USA (“BioNeutral Laboratories” or “BioLabs”), a corporation organized in Delaware in 2003.

We currently are not generating any meaningful revenues and we have incurred losses since inception. We have relied upon the sale of our securities in unregistered private placement transactions and loans from affiliated and non-affiliated persons to fund our operations. For the foreseeable future, we will continue to be dependent on additional financing in order to maintain our operations and to pursue our business activities.

We were incorporated in the State of Nevada on April 10, 2007 under the name “Moonshine Creations, Inc.”, and changed our name to “BioNeutral Group, Inc.” On December 22, 2008, from our incorporation until January 30, 2009, we did not have significant business operations.

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## THE OFFERING

This prospectus is part of a registration statement on Form S-1 that we filed with the Securities and Exchange Commission. Under this registration statement, we may, sell up to $2,769,736.80 of common stock to Southridge under the Equity Credit Agreement. This prospectus provides you with a general description of the securities we may offer.

### Equity Credit Agreement

On December 11, 2012, we entered into the Equity Credit Agreement with Southridge. We may sell shares of our common stock to Southridge from time to time under the Equity Credit Agreement for aggregate gross proceeds of up to $10,000,000. We have no obligation to sell any shares under the Equity Credit Agreement.

The following is a brief summary of certain provisions of the Equity Credit Agreement, does not purport to be complete, and is qualified by reference in its entirety to the Equity Credit Agreement which is filed as an exhibit to the registration statement on Form S-1 of which this prospectus is a part.

### Terms of Sale

We may require Southridge to purchase shares of our common stock from time to time under the equity credit agreement by delivering a put notice specifying the total purchase price for the shares to be purchased (the “Investment Amount”). The Investment Amount may not be greater than the lesser of (a) $1,000,000 or (b) 300% of the average dollar volume (closing bid price times the volume on the OTC.BB for a trading day) for the 20 trading days preceding the put notice.

The purchase price per share for the shares to be purchased for the Investment Amount will be 94% of the lowest closing bid price on the OTC.BB during the five trading days following the put notice (the “Valuation Period”).

If within 15 trading days after the closing of any purchase and sale of shares under the equity credit agreement (a “Closing”) the Company delivers a notice (a “Blackout Notice”) to Southridge that the Company’s Board of Directors has determined in good faith that (a) either (i) the Company possesses material information not ripe for disclosure in a registration statement or (ii) the Company is engaged in a material activity that would be adversely affected by disclosure in a registration statement and (b) the registration statement of which this prospectus is a part would be materially misleading absent the inclusion of such information and Southridge still holds shares of common stock purchased at such Closing and the Company suspends the right of Southridge to sell the common stock for a period (a “Blackout Period”), the Company may be required to issue additional shares of common stock to Southridge if the closing bid price for the common stock on the first trading day following the Blackout Period (the “New Bid Price”) is less than the closing bid price for the common stock on the trading day immediately preceding the Blackout Period (the “Old Bid Price”). The number of additional shares to be issued, if any, will be equal to the difference between (a) the number of shares purchased at such Closing still held by Southridge (the “Remaining Shares”) multiplied by the Old Bid Price, divided by the New Bid Price and (b) the Remaining Shares.

### Conditions to Obligation to Purchase Stock

The obligation of the Southridge to purchase shares of common stock at any Closing is subject to the satisfaction of the following conditions:

- a registration statement must be in effect;
- the representations and warranties made by the Company must be true and correct in all material respects;

the Company must have performed all covenants, agreements and conditions required by the equity credit agreement and by a registration rights agreement entered into by the Company in connection with the equity credit agreement;

no statute, rule, regulation, executive order, decree, ruling, or injunction has been entered that prohibits or has a direct material adverse effect on the transactions under the equity credit agreement;

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- no material adverse development with respect to the business, operations, properties, or financial condition of the Company has occurred;
- the Company must have delivered an opinion of the Company's legal counsel prior to the first Closing;
- the shares to be purchased by Southridge must not result in Southridge owning more than 4.99% of the Company's outstanding common stock;
- the shares to be purchased by Southridge must not exceed the amount that may be issued by the Company under the rules of the principal market in which the shares of common stock are traded;
- the Company must have no knowledge of any event more likely than not to cause the registration statement pursuant to which the applicable prospectus supplement is delivered to be suspended or otherwise ineffective; and
- since the date of the put notice for such Closing, there shall not have occurred a subdivision or combination of the Company's common stock, a common stock dividend or distribution, the issuance of options or rights to purchase shares of common stock for a purchase price less than the closing bid price immediately prior to such issuance, the issuance of securities convertible into or exchangeable for shares of common stock for consideration less than the closing bid price in effect immediately prior to such issuance, any other issuance of shares of common stock for consideration lower than the closing bid price in effect immediately prior to such issuance, or certain distributions of assets or indebtedness or distributions in respect of the sale of all or substantially all of the Company's assets.

In addition, we may not deliver a put notice at any time during the continuance of any of the following events:

- the receipt of any request for additional information by the SEC or any other federal or state governmental authority for additional information or amendments or supplements to the registration statement or related prospectus;
- the issuance of a stop order or the initiation of any proceedings for that purpose;
- receipt of any notification with respect to the suspension of the qualification or exemption from qualification of the securities covered by this prospectus supplement for sale in any jurisdiction or the initiation or threatening of any proceedings for that purpose;
- the occurrence of any event that makes any statement made in the registration statement or related prospectus or document incorporated by reference therein untrue in any material respect or that requires changes to such registration statement, prospectus, or document so that, in the case of the registration statement or prospectus it will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, in light of the circumstances under which they were made; and
- the Company determines that a post-effective amendment to the registration statement would be appropriate.

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## RISK FACTORS

An investment in our common stock is speculative and involves a high degree of risk. You should carefully consider the risks described below, together with the other information contained in our public filings before making an investment decision with regards to our securities. The risks described below could have a material adverse effect on our business, financial condition and results of operations. In that case, the trading price of our common stock could decline and you may lose all or part of your investment.

### Risks Related to Our Business

We have generated no meaningful product revenues to date and will need to raise additional funds in the near future. If we are unable to obtain the funds necessary to continue our operations, we will be required to delay, scale back or eliminate certain of our product development activities and may not continue as a going concern.

We have not generated significant product revenues to date. We incurred net losses of approximately $2.386 million, after consideration of $219,981 attributable to the Non-Controlling interest's share of the net loss, for the year ended October 31, 2012. For the year ended October 31, 2011, we had net losses of approximately $2.819 million, after consideration of $241,693 attributable to the Non-Controlling interest's share of the net loss, for the year ended October 31, 2011. Our auditors have concluded that our net losses, negative cash flows and accumulated deficit as of October 31, 2012 raise substantial doubt about our ability to continue as a going concern.

For the current 2013 fiscal year, we will have to raise substantial additional funds or take other measures within the current fiscal year in order to continue our operations. Our future capital requirements will depend on numerous factors, including:

- the results of studies relating to the efficacy and impacts on health and the environment of our products;
- the scope and results of our research and development efforts;
- the time required to obtain regulatory registrations, clearances or approvals;
- our ability to establish and maintain marketing alliances and collaborative agreements; and
- the cost of our internal marketing activities.

Our ability to accurately project revenues and expenses can be significantly impacted by unforeseen events, developments and contingencies that cannot be anticipated. As such, there can be no assurance that our plans to raise additional financing will be successful or sufficient in order to sustain our operations over the next year.

It is difficult for companies like ours to raise funds in the current economic environment and additional financing may not be available on acceptable terms, if at all. If adequate funds are not available, we will be required to delay, scale back or eliminate our product development activities or operations or obtain funds through arrangements with collaborative partners or others that may require us to relinquish rights to certain of our technologies or products that we would not otherwise relinquish.

We are delinquent in our tax filings.

We failed to file federal tax returns for the fiscal years ended December 31, 2007 and the ten months ended October 31, 2008 and for the fiscal years ended October 31, 2010, 2011 and 2012, and they are open for review by the various

tax jurisdictions. The state jurisdiction the Company is required to file in is New Jersey, and we failed to file any New Jersey state tax returns. We cannot assure you that we will not incur fines and penalties for failure to file such tax returns.

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We are the subject of an ongoing investigation by the SEC that could have a material adverse impact on our business.

As described under “Business-Legal Proceedings”, on October 1, 2009, the SEC issued a formal order of investigation to us regarding possible securities laws violations by us and other persons. The investigation concerns the process by which we became a publicly traded entity, trading in our shares, and disclosure and promotion of developments in our business. The SEC requested that we deliver certain documents to the SEC which we provided. We have incurred, and may continue to incur costs, some of which may be significant, in responding to such investigation. Any adverse findings by the SEC in connection with such investigation could have a material adverse impact on our business, including our ability to continue to operate as a publicly traded company.

Some of our directors and executive officers may not have experience in public company matters, which could impair our ability to comply with legal and regulatory requirements.

Some of our directors and executive officers have almost no public company management experience. This could impair our ability to comply with legal and regulatory requirements such as the Sarbanes-Oxley Act of 2002 and applicable federal securities laws including filing required reports and other information required on a timely basis. There can be no assurance that our management will be able to implement and affect programs and policies in an effective and timely manner that adequately respond to increased legal, regulatory compliance and reporting requirements imposed by such laws and regulations. Our failure to comply with such laws and regulations could lead to the imposition of fines and penalties, affect our ability to operate as a publicly traded company and further result in the deterioration of our business.

A non-controlling interest in our subsidiary BioNeutral Laboratories exists.

We currently hold approximately 96% of the outstanding interests in our subsidiary, BioNeutral Laboratories. We did not receive consents to the Share Exchange from all common and preferred shareholders of BioNeutral Laboratories, and we have accounted for those shareholders who did not sign consents as holders of the remaining 4% outstanding interests in BioNeutral Laboratories as not have received shares in BioNeutral. As described in “Item I Business -- Company Overview” the Share Exchange Consents did not specify the number of shares of BioNeutral Laboratories common stock to be exchanged by the Consenting Shareholder and did not affirmatively make the representation and warranties to be made by our stockholders as set forth in the Share Exchange Agreement. In light of such omissions, there can be no assurances that a shareholder will not challenge the validity of its consent and request a rescission offer in respect of shares of common stock issued to such person. There can also be no assurances that in light of the content of such Share Exchange Consent, we had a basis for a valid private placement of our common stock issued in the Share Exchange and that we will not be requested to conduct a rescission offer.

In addition, we believe that many shareholders who consented to the Share Exchange and were issued shares of our common stock failed to deliver to us the stock certificates representing their shares of common stock and Series A Preferred Stock of BioNeutral Laboratories and may claim they also have an ownership interest in BioNeutral Laboratories. Although we would challenge any such claims, we cannot assure you that we would prevail, in which case our percentage ownership interest in BioNeutral Laboratories would decrease. In addition, any litigation with respect to such claims could result in substantial costs, diversion of management's attention and diversion of our resources. The size and uncertainty with respect to the Non-Controlling interest in BioNeutral Laboratories may make it difficult for us to raise capital, and even if we were to raise capital, would result in dilution to our stockholders at the public company level that is not experienced by stockholders that are part of the Non-Controlling interest, each of which would have a material adverse effect on our financial position.

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We have a limited operating history on which to evaluate our potential for future success and to determine whether we will be able to execute our business plan. This makes it difficult to evaluate future prospects and the risk of success or failure of our business.

Although we are commencing the marketing and sale of our bioneutralizer, odor controllers and antimicrobial applications, we have generated no significant revenues to date. Consequently, our historical results of operations may not give you an accurate indication of our future results of operations or prospects. You must consider our business and prospects in light of the risks and difficulties we will encounter as an early-stage company in a new and rapidly evolving market. These risks include:

- our ability to obtain further regulatory registration, clearance or approval of our products;
- our ability to effectively and efficiently market and distribute our products through our sales force and third-party distributors;
- the ability of manufacturers utilized by us to effectively and efficiently manufacture our products;
- our ability to obtain market acceptance of our current products and future products that may be developed by us;
- our ability to sell our products at competitive prices which exceed our per unit costs;
- our ability to adequately protect our intellectual property;
- our ability to attract and retain key business development, technical and management personnel; and
- our ability to effectively manage our anticipated growth.

We may not be able to address these risks and difficulties, which could materially and adversely affect our revenues, operating results and our ability to continue to operate our business. There can be no assurance that we will be able to achieve or sustain profitability, or generate sufficient cash flow to meet our capital and operating expense obligations. As a result, you could lose your entire investment in our stock.

We currently are not profitable and may never become profitable, which could negatively impact the value of our common stock.

We have a history of losses and expect to incur substantial losses and negative operating cash flow for the foreseeable future, and we may never achieve or maintain profitability. Even if we succeed in developing and commercializing one or more of our products, we expect to incur substantial losses for the foreseeable future and may never become profitable. We also expect to continue to incur significant operating and capital expenditures and anticipate that our expenses will increase substantially in the foreseeable future as we:

- continue to undertake development and laboratory testing for our product candidates;
- seek regulatory registrations, clearances or approvals for our products;
- implement additional internal systems and infrastructure;
- lease additional or alternative office facilities; and

hire additional personnel.

We also expect to experience negative operating cash flow for the foreseeable future as we fund our operating losses and capital expenditures. As a result, we will need to generate significant revenues in order to achieve and maintain profitability. We may not be able to generate these revenues or achieve profitability in the future. Our failure to achieve or maintain profitability could negatively impact the value of our common stock.

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We may not obtain the necessary U.S. or worldwide regulatory registrations, clearances or approvals to commercialize our products, and if we cannot commercialize our products, we will not become profitable.

We will need to register as pesticides with the EPA certain of our products we intend to commercialize in the U.S. and to obtain similar registrations from the EPA equivalent regulatory authorities in foreign jurisdictions to commercialize our product candidates in those jurisdictions. We also may need to obtain FDA clearance to commercialize any of our products we intend to market for human application.

Some of our current or future products are or may be subject to FIFRA. In order to market or sell any of our formulations that constitute pesticides, including our Ygiene ™ formulation, such formulations must be registered or licensed by the EPA. Each application for registration of a pesticide product by the EPA must include the results of laboratory testing conducted, which tests must be conducted in accordance with GLP to ensure the quality and integrity of test data submitted to the EPA in support of a pesticide product registration. If and when the GLP testing for a pesticide product is complete, we will need to submit to the EPA an application demonstrating that the product candidate is effective for its intended use and when used in accordance with recognized practice, will not cause "unreasonable adverse effects" to humans or the environment. Satisfaction of the EPA's regulatory requirements typically requires from nine to over twenty months to complete, depending upon the type, complexity and novelty of the product and requires substantial resources for research, development and testing. We cannot predict whether our research and testing will result in products that the EPA finds effective for indicated uses and consistent with applicable regulatory standards regarding effects on humans or the environment. Testing, preparation of necessary applications and the processing of those applications by the EPA is expensive and time consuming. We do not know if the EPA will act favorably or quickly in making such reviews, and significant difficulties or costs may be encountered by us in our efforts to obtain EPA registration. The EPA also may place conditions on registrations that could restrict commercial applications of such products. Product registrations may be withdrawn if compliance with regulatory standards is not maintained or if problems occur following initial marketing.

The EPA has substantial discretion in the registration process and may require us to conduct additional testing or to perform post-marketing studies. The registration process may also be delayed by changes in government regulation, future legislation or administrative action or changes in EPA policy that occur prior to or during our regulatory review. Delays in obtaining regulatory registrations, clearances or approvals may:

- delay commercialization of, and our ability to derive product revenues from, our product candidates;
- impose costly procedures on us; and
- diminish any competitive advantages that we may otherwise have.

Even if we comply with all EPA requests, the EPA ultimately may reject any or all of our future applications. We cannot be sure that we will ever obtain registration of any of our antimicrobial products. Failure to obtain EPA registration of any of our antimicrobial products will severely undermine our business by reducing our number of salable products and, therefore, corresponding product revenues.

In foreign jurisdictions, we must obtain similar regulatory approvals from the appropriate authorities before we can commercialize our products. Foreign regulatory registration, clearance or approval processes generally include all of the risks associated with the EPA registration procedures described above. We have not yet made any determination as to which foreign jurisdictions we may seek regulatory approval in and have not undertaken any steps to obtain approvals or register our products for sale in any foreign jurisdiction other than Germany.

Independent GLP tests are very expensive, time consuming and difficult to design and implement.

Independent GLP tests are very expensive and difficult to design and implement, in part because they are subject to rigorous regulatory requirements. The laboratory testing process is also time consuming. The GLP laboratory tests with respect to the impacts on health and the environment of our Ygiene™ formulation was completed in January 2010, with positive result for submission to the EPA. The GLP laboratory tests with respect to the efficacy and physical characteristics of the Ygiene™ formulation were completed during July 2010. On August 19, 2010, the Company submitted its application to the U.S. Environmental Protection Agency of the Company's Ygiene antimicrobial for approval for use as a bactericide, fungicide, sporicide on hard, non-porous surfaces in hospitals, health care facilities and other commercial uses. The Company received approval and registration for Ygiene 206 on February 28, 2011.

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If other products we may develop in the future are completed as planned, we cannot be certain that their results will support our product claims. The GLP testing may fail to demonstrate that our product candidates are effective for indicated use or meet the EPA's standards with respect to the impacts on health and the environment. This failure would cause us to abandon a product formulation and may delay development of other products. Any delay in, or termination of, GLP testing will delay the filing of our applications with the EPA and, ultimately, our ability to commercialize our products and generate product revenues.

If our efforts to achieve and maintain market acceptance of our products are not successful, we will not attain profitability.

We have invested a significant portion of our time and financial resources in the development and commercialization of our Ygiene™ and Ogiene™ formulations. We expect that sales of our Ygiene™ and Ogiene™ formulations will constitute a substantial portion, or all, of any revenues in future periods. Failure to obtain market acceptance for Ygiene™ and Ogiene™ formulations, whether as a result of competition, lack of customer demand, lack of product effectiveness and safety, or any other factor, would have a materially adverse effect on our business, financial condition and results of operations. Even if our products achieve market acceptance, we may not be able to maintain product sales or other forms of revenue over time if new products or technologies are introduced that are more favorably received or are more cost-effective than our products or otherwise render our products less attractive or obsolete.

We are subject to regulation by the FTC with respect to our environmental marketing claims and any other advertising claims, and if we fail to comply with such regulation, we could become subject to fines or other penalties which could have a material adverse effect on our operations.

We expect to advertise some of our products as “eco-friendly” and “green” cleaning products and must conform with the FTC's Guides for the use of Environmental Marketing Claims. In the event the FTC were to determine that our products are not in compliance with such guides, the FTC could bring enforcement actions against us on the basis that our marketing claims are false or misleading, which if successful, could subject us to fines or other penalties which could have a material adverse effect on our operations.

The specialty chemical products market is highly competitive and we may not be able to compete effectively.

Our Ogiene™ and Ygiene™ products will compete in highly competitive markets dominated by extremely large, well-financed domestically and internationally recognized chemical and pharmaceutical companies. We believe substantially all of our competitors have greater financial resources than we do in the areas of sales, marketing, and branding and product development. Also, many of our competitors already have well established brands and distribution, and we expect to face additional competition from these competitors in the future. Focused competition by larger chemical and pharmaceutical corporations could substantially limit or eliminate our potential market share and ability to profit from our products and technologies.

The specialty chemical products market is susceptible to rapid change, and developments by competitors with greater resources may render our products or technologies uneconomical or obsolete. Our ability to compete will depend upon our ability to quickly develop marketable products, brand recognition and novel distribution methods, and to displace existing, established and future products in our relevant target markets. We may not be successful in doing so and may not become profitable.

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If we are not able to manage rapid growth effectively, we may not become profitable.

Our success will depend upon the expansion of our operations and the effective management of our growth, which will place a significant strain on our management and on our administrative, operational and financial resources. The growth in the size and geographic range of our business will place significant demands on management and our operating systems. Our ability to manage our growth effectively will depend on our ability to, among other things:

attract additional management personnel;

develop and improve our operating systems;

hire, train, and manage an employee base; and

maintain adequate service capacity.

There can be no assurance that we will be able to effectively manage growth and build the infrastructure necessary to achieve our plans for growth. If we are unable to manage our growth effectively, our business may suffer.

Our success depends on our ability to retain our key personnel and the loss of any of our key personnel may materially and adversely affect our operations and our ability to execute our growth strategy.

Our present and future performance will depend on the continued service of our senior management personnel. Our key employees are Mark Lowenthal, President and CEO and Dr. Andy Kielbania, our Chief Scientific Officer. The loss of the services of these individuals could have a material and adverse effect on us, and our stock price may decline. In addition, our ability to execute our business plan is dependent on our ability to attract and retain additional highly skilled personnel. We currently do have long-term employment agreements with our officers. We do not maintain any key man life insurance on any of our key personnel.

Because competition for highly qualified business development and scientific personnel is intense, we may not be able to attract and retain the employees we need to support our planned growth.

To successfully meet our objectives, we must attract and retain highly qualified business development and scientific personnel with specialized skill sets focused on the industries in which we compete, or intend to compete. Competition for qualified business development and scientific personnel can be intense. Our ability to meet our business development objectives will depend in part on our ability to recruit, train and retain top quality people with advanced skills who understand our technology and business. In addition, it takes time for our new personnel to become productive and to learn our business. If we are unable to hire or retain qualified business development and scientific personnel, it will be difficult for us to sell our products or to license our technology, and we may experience a shortfall in revenue and not achieve our anticipated growth.

We may become subject to product liability claims, as a result of which we could incur substantial liabilities and be required to limit commercialization of our products, which could adversely affect our business.

If we are able to sell any of our products for use by consumers and institutions, we may become liable for any damage caused by our products, whether used in the manner intended or not. Any such claim of liability, whether meritorious or not, could be time-consuming, result in costly litigation, damage our reputation and/or require us to limit the commercialization of our products. Although we maintain general liability insurance, our insurance may not cover potential claims of the types described above and may not be adequate to indemnify for all liabilities that may be imposed. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could harm

our business and operating results, and you may lose some or all of any investment you have made, or may make, in our common stock.

If we are unable to obtain, maintain or defend patent and other intellectual property ownership rights relating to our technology, we may not be able to develop and market products based on our technology, which would have a material adverse impact on our results of operations and the price of our common stock.

We rely and expect in the future to rely on a combination of patent, trademark, trade secret and copyright law, and contractual restrictions to protect the proprietary aspects of our technology and business. These legal protections afford only limited protection for our intellectual property and trade secrets. Unauthorized parties may attempt to copy aspects of our proprietary technology or otherwise obtain and use information that we regard as proprietary. As a result, we cannot assure you that our means of protecting our proprietary rights will be adequate, and the infringement of such rights could have a material negative impact on our business and on our results of operations.

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We have filed U.S. and foreign patent applications for our intellectual property as well as applications in the U.S. and European Community for the registration of our trademarks, BioNeutral ™ Ygiene ™ and Ogiene ™. We have also filed an application in the U.S. to register our tagline SCIENCE TO SAVE LIVES & PROTECT THE ENVIRONMENT™. We may not be successful in obtaining the Intellectual Property or trademark registrations, and we may be unable to obtain additional patent and trademark protection in the future. Further, the scope of the Intellectual Property and trademarks we may obtain could potentially be inadequate to encompass our commercial operations. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. It is possible that, despite our efforts, competitors or others will create and use products in violation of our Intellectual Property and/or adopt service names similar to our service names or otherwise misappropriate our intellectual property. Such patent infringement or misappropriation could have a material adverse effect on our business. Any unauthorized production of our products, whether in the U.S. or overseas, would or could reduce our own sales of products, thereby reducing, perhaps significantly, our actual or potential profits. Adopting similar names and trademarks by competitors could lead to customer confusion. Any claims or customer confusion related to our trademarks could negatively affect our business.

Litigation or other action may be necessary to enforce our intellectual property rights and protect our trade secrets. If third parties apply to register our trademarks in the U.S. or other countries, we may oppose those applications and may be required to participate in proceedings before the regulatory agencies who determine priority of rights to such trademarks. We currently are opposing applications for registration by a third party of our trademark BioNeutral ™; however, there can be no assurance that we will prevail with such opposition. Such administrative proceedings and any other litigation or adverse priority proceeding could result in substantial costs and diversion of resources, and could seriously harm our business and operating results. See “Item 3. Legal Proceedings.”

To the extent that we operate internationally, the laws of foreign countries may not protect our proprietary rights to the same extent as do the laws of the United States. Many countries have a “first-to-file” trademark registration system. As a result, we may be prevented from registering or using our trademarks in certain countries if third parties have previously filed applications to register or have registered the same or similar trademarks. Our means of protecting our proprietary rights may not be adequate, and our competitors, or potential competitors, could independently develop similar technology.

It is possible that our products infringe upon the Intellectual Property or violate the proprietary rights of others, which could have a material adverse effect on our business.

In the event that products we sell are deemed to infringe upon the Intellectual Property or other proprietary rights of third parties, we could be required to modify our products or obtain a license for the manufacture and/or sale of such products and services. In such event, we cannot assure you that we would be able to do so in a timely manner, upon acceptable terms and conditions, or at all, and the failure to do any of the foregoing could have a material adverse effect upon our business. Moreover, we cannot assure you that we will have the financial or other resources necessary to enforce or defend a patent infringement or proprietary rights violation action. In addition, if our products or proposed products are deemed to infringe or likely to infringe upon the Intellectual Property or proprietary rights of others, we could be subject to injunctive relief and, under certain circumstances, become liable for damages, which could also have an adverse effect on our business.

Because we have limited experience selling, marketing or distributing products and limited internal capabilities to do so, we may not be successful in marketing our products, which would adversely affect our results of operations.

We currently have no significant sales. We are developing our marketing and distribution capabilities. While we anticipate having the resources in the foreseeable future to allocate to the sales and marketing of our proposed products, there is no assurance that we will be able to do so. Significant capital expenditures, management resources

and time will be required to establish and develop an in-house marketing and sales force with technical expertise. There can also be no assurance that we will be able to develop in-house sales capabilities or that we will be able to market and sell our product in the United States or overseas, which would adversely affect the results of our operations.

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We have no distribution capabilities and expect to rely primarily on product distribution arrangements with third parties. We may license our technology to certain third parties for commercialization of certain applications. We expect to enter into additional distribution agreements and licensing agreements in the future, and we may not be able to enter into these additional agreements on terms that are favorable to us, if at all. In addition, we may have limited or no control over the distribution activities of these third parties. These third parties could sell competing products and may devote insufficient sales efforts to our products. As a result, our future revenues from sales of our products, if any, will depend on the success of the efforts of these third parties.

We expect to rely exclusively on a limited number of third parties to manufacture our products, and may be unable to distribute our products if any of our manufacturers are unable to manufacture our products in a timely manner or at all, which could adversely affect our results of operations.

We have no experience in manufacturing products and do not intend to establish our own manufacturing facilities. We lack the resources and expertise to manufacture our own products. If we receive the requisite approvals to market and sell any of our products, we intend to contract with one or more manufacturers to manufacture our products. Our anticipated reliance on a limited number of third-party manufacturers exposes us to the following risks:

- We may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited and depending on the product formulation being manufactured may require registration, clearance or approval by the EPA or FDA. This registration, clearance or approval would require testing and compliance inspections. In addition, a new manufacturer would have to be educated in, or develop substantially equivalent processes for, production of our products after receipt of EPA or FDA registration, clearance or approval, if any.

- Our third-party manufacturers might be unable to manufacture our products in the volume and of the quality required to meet our clinical and commercial needs, if any.

- Our future contract manufacturers may not perform as agreed or may not remain in the contract manufacturing business for the time required to distribute our products.

- Pesticide manufacturers are subject to ongoing periodic unannounced inspection by the EPA and in some cases, the FDA, and corresponding state agencies to ensure strict compliance with good manufacturing practice and other government regulations and corresponding foreign standards. We do not have control over third-party manufacturers' compliance with these regulations and standards.

- If any third-party manufacturer makes improvements in the manufacturing process for our products, we may not own, or may have to share, the intellectual property rights to the innovation.

We expect to rely, in part, on third parties to develop Ogiene™ and Ygiene™ -based products and they may not do so successfully or diligently.

We will rely, in part, on third parties to whom we license rights to our technology to develop products containing Ogiene™ and Ygiene™ for many of the applications for which we believe Ogiene™ and Ygiene™ -based products have, o may have, market opportunities. Generally, under our contractual relationships with these third parties, we rely on the third party to fund and direct product development activities and appropriate regulatory filings. Any of these third parties may not be able to successfully develop such Ogiene™ and Ygiene™ -based products, due to, among other factors, a lack of capital, a lack of appropriate diligence, a change in the evaluation by the third party of the market potential for Ogiene™ or Ygiene™ -based products, technical failures and poorer than expected test results resulting from trial use

of any products that may be developed.

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If we are unable to timely fill orders for our products, our operations could be materially adversely impacted.

In order for us to successfully market our products, we must be able to timely fill orders for our product line. Our ability to timely meet our supply requirements will depend on numerous factors including our ability to successfully maintain an effective distribution network and to maintain adequate inventories and the ability of any manufacturer we engage to adequately produce our products in volumes sufficient to meet demand. Our failure to adequately supply our products to retailers or of our manufacturer to adequately produce products to meet demand could materially adversely impact our operations.

Our failure to procure adequate supplies of raw materials could delay the commercial introduction or shipment and hinder market acceptance of our products, which could materially adversely affect our business.

If for any reason we are unable to obtain any of the raw materials in our products on a timely basis or at all or if the prices of such materials increase the commercial introduction and shipment of our products could be delayed or halted and the market acceptance of our products could be hindered, any or all of which could adversely affect our business.

Risks Related to Our Corporate Governance and Common Stock

Our stock price is, and we expect it to remain, volatile, which could limit investors' ability to sell stock at a profit.

The market price of our common stock is highly volatile and could be subject to wide fluctuations in response to a number of factors some of which are beyond our control, including:

- dilution caused by our issuance of additional shares of common stock and other forms of equity securities in connection with future capital financings to fund our operations and growth, to attract and retain valuable personnel and in connection with future strategic partnerships with other companies;
- announcements of new acquisitions or other business initiatives by our competitors;
- our ability to take advantage of new acquisitions or other business initiatives;
- fluctuations in revenue from our products;
- changes in the market for our products and/or in the capital markets generally;
- changes in the demand for our products, including changes resulting from the introduction or expansion of new products;
- quarterly variations in our revenues and operating expenses;
- changes in the valuation of similarly situated companies, both in our industry and in other industries;
- changes in analysts' estimates affecting our company (if any), our competitors and/or our industry;
- changes in the accounting methods used in or otherwise affecting our industry;
- additions and departures of key personnel;
- announcements of technological innovations or new products available to the our industry;
- announcements by relevant governments pertaining to incentives for products utilizing our technology;
- fluctuations in interest rates and the availability of capital in the capital markets; and
- significant sales of our common stock, including sales by current convertible noteholders and/or future investors in future offerings we may make to raise additional capital.

These and other factors are largely beyond our control, and the impact of these risks, singly or in the aggregate, may result in material adverse changes to the market price of our common stock. In addition, the stock market in general, and the market for specialty chemical companies in particular, has experienced extreme price and volume fluctuations that may have been unrelated or disproportionate to the operating performance of individual companies. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance.

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On the OTCBB, there is a limited trading market for our common stock and you may not be able to resell your shares at or above the price at which you purchased your shares, or at all.

Our common stock is quoted on the OTCBB. Trading volume of OTCBB stocks have been historically lower and more volatile than stocks traded on an exchange. Quoting of our stock on the OTCBB could have an adverse effect on the market price of, and the efficiency of the trading market for, our common stock, not only in terms of the number of shares that can be bought and sold at a given price, but also through delays in the timing of transactions and less coverage of us by securities analysts, if any. Trading on the OTCBB may also reduce the fair market value of our common stock and have an adverse effect on our ability to raise capital in the public of private equity markets or to acquire other companies or technologies by using common stock as consideration.

Future sales of our common stock, or the perception that such sales could occur, could have an adverse effect on the market price of our common stock.

As of February 11, 2013, there were 126,732,632 shares of our common stock and approximately 150 holders of our common stock. Future sales of our common stock, pursuant to a registration statement or Rule 144 under the Securities Act, or the perception that such sales could occur, could have an adverse effect on the market price of our common stock. The market price of our common stock could fall if the holders of these shares sell them or are perceived by the market as intending to sell them.

Since our common stock is classified as a “penny stock,” our common stock will be subject to rules that impose sales practice and disclosure requirements on broker-dealers who engage in certain transactions involving a penny stock.

We are subject to the penny stock rules adopted by the SEC that require brokers to provide extensive disclosure to its customers prior to executing trades in penny stocks. These disclosure requirements may cause a reduction in the trading activity of our common stock, which in all likelihood would make it difficult for our stockholders to sell their securities.

Rule 3a51-1 of the Exchange Act establishes the definition of a “penny stock,” for purposes relevant to us, as any equity security that has a minimum bid price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to a limited number of exceptions which are not available to us. It is likely that our shares will be considered to be penny stocks for the immediately foreseeable future. This classification severely and adversely affects any market liquidity for our common stock.

For any transaction involving a penny stock, unless exempt, the penny stock rules require that a broker or dealer approve a person's account for transactions in penny stocks and the broker or dealer receive from the investor a written agreement to the transaction setting forth the identity and quantity of the penny stock to be purchased. In order to approve a person's account for transactions in penny stocks, the broker or dealer must obtain financial information and investment experience and objectives of the person and make a reasonable determination that the transactions in penny stocks are suitable for that person and that that person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prepared by the SEC relating to the penny stock market, which, in highlight form, sets forth:

the basis on which the broker or dealer made the suitability determination; and
that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Disclosure also must be made about the risks of investing in penny stocks in both public offerings and in secondary trading and commission's payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

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Because of these regulations, broker-dealers may not wish to engage in the above-referenced necessary paperwork and disclosures and/or may encounter difficulties in their attempt to sell shares of our common stock, which may affect the ability of selling shareholders or other holders to sell their shares in any secondary market and have the effect of reducing the level of trading activity in any secondary market. These additional sales practice and disclosure requirements could impede the sale of our common stock, if and when our common stock becomes publicly traded. In addition, the liquidity for our common stock may decrease, with a corresponding decrease in the price of our common stock. Our common stock are subject to such penny stock rules for the foreseeable future and our shareholders will, in all likelihood, find it difficult to sell their common stock.

The market for penny stock has experienced numerous frauds and abuses which could adversely impact subscribers of our stock.

We believe that the market for penny stocks has suffered from patterns of fraud and abuse. Such patterns include:

- control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;
- manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;
- “boiler room” practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons;
- excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and
- wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

We believe that many of these abuses have occurred with respect to the promotion of low price stock companies that lacked experienced management, adequate financial resources, an adequate business plan and/or marketable and successful business or product.

We do not expect to pay dividends in the foreseeable future.

We do not intend to declare dividends for the foreseeable future, as we anticipate that we will reinvest any future earnings in the development and growth of our business. Therefore, investors will not receive any funds unless they sell their common stock, and stockholders may be unable to sell their shares on favorable terms or at all. Investors cannot be assured of a positive return on investment or that they will not lose the entire amount of their investment in the common stock.

Certain restrictions on the extent of puts may have little, if any, effect on the adverse impact of our issuance of shares in connection with the Equity Credit Agreement, and as such, Southridge may sell a large number of shares, resulting in substantial dilution to the value of shares held by existing stockholders.

Southridge has agreed to refrain from holding an amount of shares which would result in Southridge owning more than 9.99% of the then-outstanding shares of our common stock at any one time. These restrictions, however, do not prevent Southridge from selling shares of common stock received in connection with a put, and then receiving additional shares of common stock in connection with a subsequent put. In this way, Southridge could sell more than 9.99% of the outstanding common stock in a relatively short time frame while never holding more than 9.99% at one time.

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Because Southridge will be paying less than the then-prevailing market price for our common stock, your ownership interest may be diluted and the value of our common stock may decline by exercising the put right pursuant to the Equity Credit Agreement. The common stock to be issued to Southridge pursuant to the Equity Credit Agreement will be purchased at a 6% discount to the lowest closing bid price of our common stock reported by Bloomberg, L.P. during the five consecutive trading day period immediately following the date of our notice to Southridge of our election to put shares pursuant to the Equity Credit Agreement. Because the put price is lower than the prevailing market price of our common stock, to the extent that the put right is exercised, your ownership interest may be diluted. Southidge has a financial incentive to sell our common stock immediately upon receiving the shares to realize the profit equal to the difference between the discounted price and the market price. If Southridge sells the shares, the price of our common stock could decrease. If our stock price decreases, Southridge may have a further incentive to sell the shares of our common stock that it holds. These sales may have a further adverse impact on our stock price.

The Equity Credit Agreement's pricing structure may result in dilution to our stockholders.

Pursuant to the Equity Credit Agreement, Southridge is committed to purchase, subject to certain conditions, up to $10,000,000 of our common stock over a three-year period. If we sell shares to Southridge under the Equity Credit Agreement, it will have a dilutive effect on the holdings of our current stockholders and may result in downward pressure on the price of our common stock. If we draw down amounts under the Equity Credit Agreement, we will issue shares to Southridge at a discount. If we draw down amounts under the Equity Credit Agreement when our share price is decreasing, we will need to issue more shares to raise the same amount than if our stock price was higher. Issuances in the face of a declining share price will have an even greater dilutive effect than if our share price were stable or increasing, and may further decrease our share price.

If we issue additional shares in the future, whether in connection with a financing or in exchange for services or rights, it will result in the dilution of our existing stockholders.

Our articles of incorporation authorize the issuance of up to 200,000,000 shares of common stock with a par value of $0.001 per share. Our Board of Directors may choose to issue some or all of such shares to acquire one or more companies or properties, to fund our overhead and general operating requirements and in exchange for services rendered to the Company. Such issuances may not require the approval of our stockholders. We have previously issues shares of our common stock in exchange for services provided to the Company and for certain rights, including a consideration for intellectual property rights. Any future issuances may reduce the book value per share and may contribute to a reduction in the market price of the outstanding shares of our common stock. If we issue any such additional shares in the future, such issuance will reduce the proportionate ownership and voting power of all current stockholders.

We would have to increase our authorized shares of common stock from the current shares to have enough shares to exercise the full equity line in accordance with the Equity Credit Agreement.

In order to exercise the entire equity line of $10 million, and assuming the resale of all of the shares being offered in this prospectus, the Company would be required to issue approximately 166,666,666 additional shares of its common stock to Southridge based on the average of the high and low bid prices of our common stock on February 6, 2012. The Company currently has 126,732,632 shares outstanding, with only 73,267,368 shares authorized, but unissued. Accordingly, we may be required to seek stockholder approval to amend our Articles of Incorporation to increase our authorized number of common stock. There is no guarantee that such stockholder approval can be obtained and as such, we may not be able to access the full amount available under Equity Credit Agreement.

We may not be able to access sufficient funds pursuant to the terms of the Equity Credit Agreement.

Our ability to put shares to Southridge and obtain funds pursuant to the terms of the Equity Credit Agreement is limited, including restrictions on when we may exercise our put rights, restrictions on the amount we may put to Southridge at any one time, which is determined in part by the trading price of our common stock, and a limitation on Southridge's obligation to purchase if such purchase would result in Southridge beneficially owning more than 9.99% of our common stock. Accordingly, we may not be able to access sufficient funds when needed.

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Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act.

Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as “may,” “will,” “can,” “anticipate,” “assum “should,” “indicate,” “would,” “believe,” “contemplate,” “expect,” “seek,” “estimate,” “continue,” “plan,” “point to,” “projec “intend,” “target,” “potential,” and other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation:

- our inability to raise capital;
- our failure to obtain the necessary regulatory approvals for our products;
- the results of the current SEC investigation of our company;
- the inability to obtain or retain customer acceptance of our products;
- the failure of the market for our products to develop;
- our inability to protect our intellectual property;
- our inability to manage any growth;
- the effects of competition from a wide variety of local, regional, national and other providers of products similar to our products;
- changes in laws and regulations, including tax and securities laws and regulations and laws and regulations promulgated by the EPA, FDA and FTC.
- changes in accounting policies, rules and practices;
- changes in technology or products, which may be more difficult or costly, or less effective than anticipated; and
- the other factors listed under this Item 1A - “Risk Factors.”

All forward-looking statements are expressly qualified in their entirety by this cautionary notice. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We have no obligation, and expressly disclaim any obligation, to update, revise or correct any of the forward-looking statements, whether as a result of new information, future events or otherwise. We have expressed our expectations, beliefs and projections in good faith and we believe they have a reasonable basis. However, we cannot assure you that our expectations, beliefs or projections will result or be achieved or accomplished.

USE OF PROCEEDS

We would receive aggregate gross proceeds of approximately $10,000,000 if all shares of common stock are sold to Southridge pursuant to the Equity Credit Agreement.  Any such proceeds will be used for working capital and general corporate matters.

DETERMINATION OF OFFERING PRICE

There currently is a limited public market for our common stock. Southridge will determine what price they may sell the offered shares, and such sales may be made at prevailing market prices or at privately negotiated prices. See “Plan of Distribution” below for more information.

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MARKET FOR REGISTRANTS COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Public Market for Common Stock

Our common stock has been quoted on the OTC Bulletin Board under the symbol “BONU.OB” since February 20, 2009. Prior to February 20, 2009, there was no public trading market for our shares of common stock. The following table sets forth the range of quarterly high and low sales prices of our common stock as reported for the periods indicated:

| | High | Low |
|---|---|---|
| January 31, 2011 | $0.37 | $0.39 |
| April 30, 2011 | $0.93 | $0.33 |
| July 31, 2011 | $0.15 | $0.25 |
| October 31, 2011 | $0.18 | $0.08 |
| January 31, 2012 | $0.14 | $0.09 |
| April 30, 2012 | $0.12 | $0.04 |
| July 31, 2012 | $0.08 | $0.05 |
| October 31, 2012 | $0.08 | $0.05 |
| As of February 15 15, 2013 | $0.05 | $0.05 |

As of February 15, 2013 there were approximately 150 holders of record of our common stock.

Dividends

We have not paid any cash dividends to shareholders. The declaration of any future cash dividends is at the sole discretion of our board of directors and depends upon our earnings, if any, our capital requirements and financial position, our general economic conditions, and other pertinent conditions. It is our present intention not to pay any cash dividends in the foreseeable future, but rather to reinvest earnings, if any, in our business operations.

Transfer Agent

The Company's registrar and transfer agent is Corporate Stock Transfer.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Safe Harbor Declaration

The comments made throughout this prospectus should be read in conjunction with our financial statements and the notes thereto, and other financial information appearing elsewhere in this document. In addition to historical information, the following discussion and other parts of this document contain certain forward-looking information. When used in this discussion, the words, "believes," "anticipates," "expects," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from projected results, due to a number of factors beyond our control. Covenant does not undertake to publicly update or revise any of its forward-looking statements, even if experience or future changes show that the indicated results or events will not be realized. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Readers are also urged to carefully review and consider our discussions regarding the various factors, which affect company business, included in this section and elsewhere in this prospectus. These forward-looking statements may not be realized due to a variety of factors, including, without limitation:

- our inability to raise capital;
- our failure to obtain the necessary regulatory approvals for our products;
- the results of the current Securities and Exchange Commission (the "SEC") investigation of our Company;
- the inability to obtain or retain customer acceptance of our products;
- the failure of the market for our products to develop;
- our inability to protect our intellectual property;
- our inability to manage any growth;
- the effects of competition from a wide variety of local, regional, national and other providers of products similar to our products;
- changes in laws and regulations, including tax and securities laws and regulations and laws and regulations promulgated by the U.S. Environmental Protection Agency (the "EPA"), the U.S. Food & Drug Administration (the "FDA") and the U.S. Federal Trade Commission.
- changes in accounting policies, rules and practices;
- changes in technology or products, which may be more difficult or costly, or less effective than anticipated; and
- the other factors listed under "Risk Factors" in the Company's Form 10-K for the fiscal year ended October 31, 2012 and other filings with the SEC.

All forward-looking statements are expressly qualified in their entirety by this cautionary notice. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this Prospectus or

the date of the document incorporated by reference into this registration statement. We have no obligation, and expressly disclaim any obligation, to update, revise or correct any of the forward-looking statements, whether as a result of new information, future events or otherwise. We have expressed our expectations, beliefs and projections in good faith and we believe they have a reasonable basis. However, we cannot assure you that our expectations, beliefs or projections will result or be achieved or accomplished.

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Recent Developments

On December 12, 2012, BioNeutral Group, Inc. (the "Company") issued a promissory note (the "JMJ Note") in the principal amount of $250,000 to JMJ Financial ("JMJ"). The JMJ Note is due on December 12, 2013. To date, the Company has received $60,000 of the loan represented by the JMJ Note. The JMJ Note is interest free if repaid within 90 days and if not paid within 90 days it bears interest at 10%. The principal and any accrued interest are convertible into the Company's common stock at the lower of $.09 per share of 70% of the lowest trade price in the 25 days prior to conversion. JMJ has piggyback registration rights with respect to the shares into which the JMJ Note is convertible.

On December 11, 2012, the Company entered into an Equity Credit Agreement with Southridge Partners II, LP for an equity line of up to $10,000,000. Pursuant to the Equity Credit Agreement, the Company has the right, at its discretion, to sell to Southridge up to $10 million of its common stock from time to time over a 36-month period. The Company will have the right, but is not obligated, to sell stock to Southridge depending on certain conditions as set forth in the Agreement. Both parties have also entered into a Registration Rights Agreement under which, the Company agreed to file a registration statement with the Securities and Exchange Commission with respect to the Shares. The ability to draw on the line is conditioned upon having an effective registration statement. In connection with obtaining the equity line, the Company issued Southridge a $50,000 promissory note (the "Southridge Note") due May 31, 2013 to satisfy its fees owned to Southridge on the equity line. The Southridge Note is convertible into common stock at a 50% discount to the lowest closing bid price of the common stock for the five days prior to conversion.

On December 6, 2012, the Company issued a new promissory note (the "Francis Note") to Michael D. Francis, the Company's principal stockholder in the amount of $409,252. The Francis Note includes all amounts previously owed and due to Mr. Francis. The Francis Note also includes $245,000 of new funding provided by Mr. Francis. The Francis Note is due on May 6, 2014. The Francis Note bears interest at 18% per annum. Mr. Francis has the right to convert the principal and interest into the Company's common stock at $.055 per share which is equal to 75% of the closing price of the Company's common stock or the 10 preceding days prior to December 6, 2012.

On October 18, 2012, the Board of Directors of the Company approved a stock compensation plan for professionals and consultants. Pursuant the approval of the plan, on November 7, 2012, the Company filed with the Securities and Exchange Commission a registration statement for issuance of up to ten (10) million shares pursuant to the stock compensation plan.

On October 31, 2012, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with Asher Enterprises, Inc., a Delaware Corporation (the "Holder") for the sale and issuance of an 8% convertible promissory note in the principal amount of $53,000 (the "Note"). The Purchase Agreement became effective on November 2, 2012 when the transaction closed. The principal balance of the Note is convertible into common stock, $0.00001 par value, of the Company, at the election of the Holder, beginning 180 days after the issuance of the Note. The conversion price of the Note shall be equal to 58% multiplied by the market price (as defined in the Note). The Note matures on August 2, 2013. The Company has the right to prepay the principal and interest at a premium depending on the date that it is prepaid. Interest on the Note accrues at a rate of 8% per annum. The Note contains customary default provisions, including provisions for potential acceleration of the Note, a default premium, and default interest of 22%.

On October 18, 2012, the Board of Directors of the Company approved a stock compensation plan for professionals and consultants. The Plan was approved by the Board, on November 7, 2012 and the Company filed with the Securities and Exchange Commission a registration statement on Form S-8 for issuance of up to ten (10) million shares pursuant to the stock compensation plan.

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On September 20, 2012, BioNeutral Group, Inc. (the "Company") entered into a Securities Purchase Agreement (the "Purchase Agreement") with Asher Enterprises, Inc., a Delaware Corporation (the "Holder") for the sale and issuance of an 8% convertible promissory note in the principal amount of $53,000 (the "Note"). The Purchase Agreement became effective on October 3, 2012 when the transaction closed. The principal balance of the Note is convertible into common stock, $0.00001 par value, of the Company, at the election of the Holder beginning 180 days after the issuance of the Note. The conversion price of the Note shall be equal to 65% multiplied by the market price (as defined in the Note). The Note matures on June 24, 2013. The Company has the right to prepay the principal and interest at a premium depending on the date that it is prepaid. Interest on the Note accrues at a rate of 8% per annum. The Note contains customary default provisions, including provisions for potential acceleration of the Note, a default premium, and default interest of 22%. Concurrently with entrance into the Purchase Agreement and the Note, the Company issued to its transfer agent an irrevocable letter agreement reserving such shares necessary to issue upon conversion of the Note.

The Company announced the addition of three new members to its board of directors. Messrs.' Robert Machinist, Dr. Philip Tierno, Jr. and Ben Hanafin were appointed new directors on September 28, 2012.

On December 12, 2012, the Company appointed Robert Machinist as Chairman of is Audit Committee and Ben Hanafin as Chairman of its Executive Compensation Committee. The Company also approved a grant of unregistered common stock to its independent directors as follows: Ben Hanafin – 342,466 shares, Robert Machinist 513,698 shares and Philip Tierno 219,178 shares.

Mr. Machinist is currently Chairman of the Board of Advisors of MESA, a merchant bank specializing in media and entertainment industry transactions, a position that he has served in since 2002. Mr. Machinist is also a partner in Columbus Nova, a private investment fund. Prior to 2002, Mr. Machinist served as Managing Director and Head of Investment Banking for the Bank of New York and its Capital Market's division. For 12 years prior to his time at the Bank of New York, Mr. Machinist was President of Patricof & Company Capital Corp., a diversified venture capital and investment banking company with a multinational investment banking business. Patricof & Co. was sold to the Bank of New York in 1998. Prior to Patricof, Mr. Machinist held a series of senior positions at several investment companies. Mr. Machinist served until December 2009 as Non-Executive Chairman of New Motion, Inc. and as a member of its Board of Directors and its Audit and Compensation Committees. He also serves on the Board of Directors of CIFC Corp. (NYSE:DFR) and is Chairman of CIFC's Audit Committee. He is also a member of the Board of Directors of United Pacific Industries, a publicly listed Hong Kong company where he also serves as Chairman of the Audit Committee and serves on the Compensation and Nominating and Corporate Governance Committees. Mr. Machinist also serves as Vice-Chairman of Maimonides Hospital Medical Center, serves on their Board of Directors and as Chairman of its Investment Committee. Mr. Machinist is also involved in philanthropic activities including serving as Chairman of the America Committee for the Weizmann Institute of Science and as a Trustee of Vasser College.

Dr. Philip M. Tierno, Jr. is the Director of Clinical Microbiology and Diagnostic Immunology at Tisch Hospital New York University Langone Medical Center. He is a clinical professor of Microbiology and Pathology at New York University School of Medicine and a Professor at New York University College of Dentistry. He has been with New York University since 1981. Prior to NYU, Dr. Tierno was with several medical institutions. He acts as a consultant to: the Office of the Attorney General of NY State; the Department of Health City of NY; the National Institute of Health; College of American Pathologists (CAP); International Hygiene Council; and NYCDOH Med Reserve Corps. Dr. Tierno has published numerous treatises on antibiotics, toxic shock syndrome and other infections. Dr. Tierno has in the past performed independent research and analysis on the Company's products on behalf of the Company.

Ben N. Hanafin has been the President of Carova Management, LLC since 1997. Carova is an executive management firm specializing in interim CEO assignments, executive coaching and strategic planning facilitation. At Carova, he has acted as interim CEO and provided consulting services to numerous companies including Strato, Inc. and AL Systems, Inc. Prior to Carova, he was the President of PyMaH Corporation, a medical device developer where he increased annual sales from $6 million to $35 million. Mr. Hanafin was with PyMaH for over 20 years, the last nine of them as President. He serves as a Trustee to several charitable organizations.

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On July 9, 2012, the Company announced that, effective July 2, 2012, Mr. Mark Lowenthal, a member of the Company's Board of Directors, has agreed to serve as the Company's President and Chief Executive Officer. The term of Mr. Lowenthal's employment shall be indefinite. Mr. Lowenthal's compensation shall consist of a $300,000 per annum base salary, except that Mr. Lowenthal shall receive a base salary of $150,000 per annum, with the remainder being deferred until such time as the Company has at least $4,000,000 in gross revenues or raises at least $3,000,000 in financing. Mr. Lowenthal shall also be entitled to a bonus in an amount not to exceed 25% of his base salary in the event that the Company reaches certain performance goals. Mr. Lowenthal shall also be granted options to purchase 5% of the outstanding capital stock of the Company at a price of $0.10 per share, which options shall vest at an annualized rate of 25% per year. Mr. Lowenthal shall also be entitled to a one-time success fee in the amount of $5,000,000 if the Company is sold or merged during the term of his employment, provided that the Company is valued at $100,000,000 or more in connection with such sale or merger (if the value is between $75,000,000 and $99,999,999.99 then the success fee will be pro-rated). Andy Kielbania, who was the Company's Interim Chief Executive Officer, will be the Company's Chief Technology Officer going forward.

On April 24, 2012, Mr. Mark Lowenthal was appointed as director of the Company. Mr. Lowenthal currently serves as a member of the Operation Executive Board of AUA Gotham Equity Partners, a position he has held since 2010. Prior to such, Mr. Lowenthal served as the President and Chief Executive Officer of European Soaps, LLC from 2008 to 2009, where he was responsible for developing and implementing the company's business plan. While at European Soaps, LLC, he co-lead a private equity group in the buy-out of European Soaps Ltd., the U.S.'s largest distributor of luxury soap and personal care products to the gift industry. He also previously served as President of Revlon Europe, Asia and the Middle East from 1995 to 1999 where he was responsible for planning and implementing a major restructuring of the company's business, including shifting from an individual country management approach to an integrated global approach. In addition, Mr. Lowenthal previously served as the President and General Manager of Almay, Inc. and as the Vice-President of Marketing of International Playtex, Inc. Mr. Lowenthal received his BA from the University of Buffalo where he majored in History and received an MBA from New York University.

On April 20, 2012, Mr. Ronald Del Mauro resigned from his position as a member of the Board of Directors of the Company, which resignation became effective immediately. Mr. Del Mauro's resignation is not the result of any disagreement with the Company.

On February 29, 2012, Mr. Frank Battafarano resigned from his position as a member of the Board of Directors of the Company, which resignation became effective immediately. Mr. Battafarano's resignation is not the result of any disagreement with the Company.

On February 28, 2012, the Company entered into an Engagement Agreement (the "Agreement") with DLA Piper US LLP ("DLA") for the provision by DLA of government contracting services to the Company related to its sporicide and sterilent, Ygiene™. In particular, the Agreement provides that DLA will provide the Company with (i) government contact counseling and assistance in obtaining a General Services Administration (GSA) Multiple Award Schedule contract, as well assistance in obtaining any other prime contract or subcontract with a federal, state or local government agency or international organization; (ii) outreach to and education of select government senior officials, members of Congress, health networks and other relevant organizations about Ygiene™; and (iii) strategic advice regarding public policy matters related to Ygiene™. Under the Agreement, Senator Tom Daschle, DLA's Senior Policy Advisor, will oversee the management of the services to be provided by DLA, which will be provided by other attorneys and professionals of DLA. Such representation does not include representation of the Company's subsidiaries, affiliates, stockholder, officers or directors. In consideration for the services to be provided by DLA, the Company agreed to pay DLA (i) a monthly retainer in the amount of $22,500 from March 1, 2012 to September 1, 2012; (ii) thereafter, and unless otherwise mutually agreed upon, a retainer of $40,000 per month; and (iii) an annual fee of 12.5% of all gross sales of Ygiene™ (or its successor) products that DLA was a factor in securing. In addition, the Company agreed to pay for all travel and other associated costs incurred by DLA, as approved by the Company's

Chief Executive Officer. None of the fees payable to DLA shall be derived from federal appropriations. The parties have agreed to stay such monthly payments and in negotiations with DLA to extend the agreement for future advisory assistance.

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On January 18, 2012 the Company entered into a Collaborative Agreement (the " Collaborative Agreement") with Saint Barnabas Corporation, a not for profit corporation organized under the laws of the state of New Jersey ("Barnabas Health"). Pursuant to the Collaborative Agreement, the parties agreed to develop protocols for the testing of our Ygiene® 206. The parties further agreed that Barnabas Health shall assist and collaborate with the Company in testing new sporicidal formulations and applications of Ygiene® 206. All test results and reports will be provided to the Company by Barnabas Health. In addition, the Collaborative Agreement provides that Barnabas Health shall have the first right to publish in medical or academic journals the results of the testing and evaluation of Ygiene® 206, subject to certain conditions set forth in the Collaborative Agreement. Further, the Company and Barnabas Health have agreed to a division of revenue earned from the use or sale of Ygiene® 206, as set forth in the Collaborative Agreement. All intellectual property rights relating to Ygiene® 206, and any developments, formulations, uses, applications, enhancements, discoveries, inventions and improvements pertaining thereto, including all uses thereof, shall remain the exclusive property of the Company.

The Company and Barnabas Health of West Orange, New Jersey, released the results of an initial collaborative research program. In this study of about fifty (50) surgical instruments conducted at Saint Barnabas Medical Center, a Barnabas Health facility, Ygiene 206 Sterilant was shown to effectively remove microorganisms in the presence of blood from contaminated surgical instruments in 90 seconds to two minutes. This use of Ygiene would represent an important preventive step in the reduction of serious occupational exposure to healthcare workers of blood or bodily fluids from surgical instruments.

On April 4, 2012 the Company announced positive results of a series of tests performed by Dr. Philip Tierno with respect to the use of Ygiene 206 and the sterilization of surgical instruments. Surgical instruments and surgical material were contaminated with difficult to kill organisms at levels up to 10,000x. This presented significant sterilizing challenges, including challenges with bacterial spores. Following a 20-minute soak in Ygiene 206, the instruments were sterile. "I contaminated the surgical instruments and other material with very high levels of dangerous organisms (10/10th), letting the contaminants bind to the instruments for two hours. Without removal of any of the microorganisms, the instruments were placed in a tray for a 20 minute soak with direct contact to Ygiene 206. After which time I was able to determine that the instruments were indeed, sterile. Along with its compatibility with surgical stainless steel and other materials and surfaces, these tests show that Ygiene 206 would be an excellent pre-soak for contaminated surgical instruments," said Dr. Philip Tierno. Dr. Andy Kielbania, ICEO of BioNeutral Group advised that, "A clinical test at Barnabas Health commenced April 3rd. We expect results in 45 days. A confirmed positive result would help position Ygiene 206 in its first significant commercial application." Nationally, there are over 40 million surgical cases a year resulting in highly contaminated surgical instruments. On Subsequently, on October 2, 2012 in conjunction with Company's announcement, Barnabas Health issued a White Paper describing the Research Program and its results. Exposures to blood and/or body fluids from used surgical instruments continue to occur on a daily basis. Other than engineering and work practice controls, there is little else available to protect healthcare workers responsible for cleaning used instruments. This Research Program was performed to determine the feasibility of using a disinfectant/sterilant chemical as a pre-treatment for used surgical instruments to protect healthcare workers from exposure to blood and/or body fluids when processing contaminated surgical instruments. The Research Program included using the chemical in a variety of settings including exposure to human blood that had dried for twelve (12) hours. The results of the Research Program confirm that the Ygiene 206 chemical may be used to disinfect surgical instruments as a precursor to cleaning and prior to terminal sterilization. In this Research Program of about fifty (50) surgical instruments conducted at Saint Barnabas Medical Center, a Barnabas Health facility, Ygiene 206 Sterilant was shown to effectively remove microorganisms in the presence of blood from contaminated surgical instruments in 90 seconds to two minutes. In this controlled and limited study, Ygiene 206 was effective as a disinfectant in the presence of blood on surgical instruments even when the surgical instruments were grossly soiled and remained in the closed position.

Company Overview

We are life science specialty technology corporation that has developed a novel combinational chemistry-based technology which we believe can, in certain circumstances, neutralize harmful environmental contaminants, toxins and dangerous micro-organisms including bacteria, viruses and spores. We are focused on developing and commercializing two classes of product formulations: (1) anti–microbials, which are formulations designed to kill certain harmful microscopic living organisms, and (2) bioneutralizer, which are formulations designed to destroy certain agents that are noxious and harmful to health and/or the environment. We have not marketed any of our products and have not generated any meaningful product revenue to date.

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We currently are focused on the commercialization of two classes of product formulations, antimicrobials and bioneutralizer. We refer to our anti−microbial formulations as our Ygiene™ products and our bioneutralizer formulations as our Ogiene™ products. Our Ygiene ™ products are being developed to kill certain harmful microbes, including virulent gram and bacteria (which cause staph infections), viruses, yeast, mold, fungi, spores and/or certain bioterrorism agents, such as anthrax. Our Ogiene™ products are being developed to eliminate or reduce odors of many chemicals such as hydrogen sulfide, formaldehyde and ammonia, and to reduce certain greenhouse gases such as carbon dioxide and sulfur dioxide.

The marketing and sale in the United States and foreign countries of some of our current products and the products we may develop in the future are and may be subject to U.S. and foreign governmental regulations, respectively, which vary substantially from country to country. The marketing and sale of our Ygiene ™ products in the United States, is subject to EPA registration and in some cases, FDA clearance, and we cannot market and sell any of such products in the United States until such registration or clearance is obtained. We do not believe the marketing sale of our Ogiene ™ products are subject to EPA registration or FDA clearance. We have not sold significant amounts of our Ygiene ™ or Ogiene ™ products to date. We currently are focusing our efforts and resources on obtaining the registrations, clearances and approvals necessary to marketing and selling our Ygiene ™ products in the United States; however, we cannot assure you that we will be have the financial resources to do so or that such registrations, clearances and approvals will be obtained on a timely basis, if at all.

In February 2011, the Company received approval and registration from the EPA in response to the Company's regulatory application for its Ygiene® 206 sterilant formulation. To date we have received approvals for distribution of Ygiene® 206 in 32 states located primarily east of the Mississippi River. The Company will apply for approval in the remaining 18 states on an as needed basis. Our Ogiene™ product does not require federal or state approval for sale and distribution. We are actively engaged in marketing both of our product lines by negotiating with distributors and the staging of product trials. To date, we have not generated any meaningful product revenue.

Plan of Operation

Our strategic plan for our fiscal year ending October 31, 2012 was focused on leveraging developments in the United States for our Ygiene™ professional disinfectant product and continuing our work within the regulatory process of the U.S. for EPA registration of additional variations of Ygiene™. Our Ygiene™ professional disinfectant product and multipurpose cleaner and disinfectant product were registered and approved with the US EPA on February 28, 2011. Subsequently, we have registered Ygiene™ in 32 US states for sale and distribution. Our Ygiene™ was registered with the German Bundesanstalt für Arbeitsschutz und Arbeitsmedizin, a German government sanctioned institute for safety and health, on January 5, 2010 and November 30, 2009, respectively. As a result of such registrations, we are permitted to sell such Ygiene™ based products in Germany, although we have not sold any of our products in Germany and currently do not have adequate resources to attempt to make any such sales or to have our products manufactured for sale. We believe these registrations present us with a strong and dynamic platform for accessing well developed global markets for commercial use of our Ygiene™ professional disinfectant product and multipurpose cleaner and disinfectant product.

Currently, we are focusing our efforts on the development and commercialization of Ygiene ™ formulation for the Hospital and Industrial Application. We are developing our Ogiene™ products to potentially eliminate or reduce odors of many chemicals such as hydrogen sulfide, formaldehyde and ammonia, and to reduce certain green−house gases such as carbon dioxide and sulfur dioxide. Our Ogiene™ formulations are designed to interact with the functional organic or inorganic groups of harmful gases and reduce or eliminate them.

We believe that our products can offer a superior solution that addresses needs not currently being met in the marketplace for combating bacteria, viral and spore based threats. We further believe that our products can provide a

distinct advantage when distinguishing them from those that are currently in use in our targeted markets. In addition, our core product is flexible and adaptable for multiple applications. Industry or use specific modifications made by our professional scientist allow our products to be readily customized to the demands of multiple unique markets.

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We are emphasizing these strategic advantages as part of our brand development efforts to overcome competitive barriers to entry in markets that are driven by large, established organizations. The markets for our Ogiene™ and Ygiene™ products and each of their potential channels are highly competitive. We have a number of competitors that vary in size and scope and breadth of products offered. Such competitors include some of the largest corporations in the world, and we believe substantially all of our competitors have greater financial resources than we do, including in the areas of sales, marketing, and branding and product development. We expect to face additional competition from other competitors in the future.

Because Ogiene™ and Ygiene™ are new formulations enhanced from our initial base formulas, our success will depend, in part, upon our ability to achieve market share at the expense of existing, established and future products in our relevant target markets. Even if our Ogiene™ and Ygiene™ formulations may have technological competitive advantages over competing products, we or potential distributors, will need to invest significant resources in order to attempt to displace traditional technologies sold by what are in many cases well-known international industry leaders. Alternatively, we may pursue strategies in selective markets of encouraging existing competitors to incorporate our products into their existing brands, thereby reducing the proportion of end-use revenues that would accrue to us. To the extent that we were to grant any existing competitor exclusivity to any field and/or territory, we would risk having our technology marketed in a manner that may be less than optimal for us. We recognize that innovative marketing methods may be required in order to establish our products, and that such methods may not be successful.

Results of Operations

Comparison of Results of Operations for Fiscal Year Ended October 31, 2012 (“fiscal 2012”) and the Fiscal Year Ended October 31, 2011 (“fiscal 2011”).

Revenues: During fiscal 2012 the Company generated revenues of $4,588 as compared to revenues of $53,579 for fiscal 2011. Our efforts have been focused on sales and marketing of our non-regulated Ogiene™ product line as well the sale of our Ygiene™ formulation in acute and long-term healthcare and industrial markets where pathogenic spores are present. In December 2012 we initialized our commercialization strategy and we plan to expand our efforts in 2013.

Operating Expenses: Operating expenses were $2,542,475 for fiscal 2012 and $2,937,412 for fiscal 2011 for a 13% decrease of $(394,937). Our operating expenses consist of compensation of our executive and scientific staff, consulting expenses supporting development of, and regulatory approvals for, our products, legal and accounting services, and non-cash amortization of our intellectual property.

Amortization and depreciation increased to $708,936 for fiscal 2012 from the $706,828 reported for fiscal 2011 as a result of continued investment in our intellectual property.

Total legal and accounting expenses for fiscal 2012 were $283,812, a decrease of $264,497 over amounts for fiscal 2011 which were $548,309, reflecting a decrease of $152,136 in legal fees associated with general and SEC related matters and $112,361 audit and consulting fee expenses associated with the financial audit for the year ended October 31, 2010.

Salaries expense for fiscal 2012 were $476,817 an increase of 100% over amounts for fiscal 2011, which were $0, reflecting the retention of corporate employees in 2012 versus contract consultants, utilized in 2011. In addition, overall compensation was higher in fiscal 2012 due to the addition of a CEO and President and an office manager which were not positions held at the Company for fiscal 2011.

Consulting fee expenses were $443,842 for fiscal 2012 as compared to $231,146 for fiscal 2011 for a 92% increase of $212,696. The increase reflects additional costs in fiscal 2012 relating to marketing retainer agreements with Piccadilly Consultants and DLA Piper in the amounts of $200,000 and $112,500, respectively. These retainer agreements were not in place in fiscal 2011. The increases in consulting fee expenses were partially offset by the reclassification of certain individuals to salaried employees as mentioned above.

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Other Selling, General and Administrative Expenses for fiscal 2012 were $629,068, a decrease of $822,061 over amounts for fiscal 2011 which were $1,451,129. The decrease reflects a reduction of $114,393 of investor relations expenses and a reduction of $111,757 of travel and entertainment expenses as the Company has scaled back those efforts in 2012. In addition, Research and Development expenses decreased $593,737 primarily as the result of $489,027 of bonus compensation earned by Dr. Kielbania in Fiscal 2011 that was not earned in Fiscal 2012. These reductions were offset by increases in business development expenses of $36,430.

Net Loss: We experienced a net loss from operations before consideration of our Non-Controlling interest of $2,606,350 for fiscal 2012. The discussion of operating expenses identifies the elements of the net loss. For fiscal 2011 our net loss was $3,060,721. We anticipate that we will experience a net loss in fiscal 2013 as we continue to pursue regulatory approvals for the sale and distribution of our products and development of access to global markets.

Analysis of Impairment

In conjunction with our 2012 audit, we performed our annual impairment testing during January 2013. In this analysis, we determined that the current carrying value of our Intellectual Property was $9,958,222.

We computed the Intellectual Property value of using an undiscounted cash model. In our undiscounted cash flow analysis, we prepared a five year forecast of our expected earnings to derive an explicit stream of expected free cash flows through October 31, 2017. We developed our revenue and direct variable costs forecast based on a variety of factors including our current and anticipated sales pipeline, knowledge of our business and industry, general economic conditions in the marketplace and expectations of market opportunity with respect to the specific types of advertising services we provide. Our operating expenses are generally fixed and predictable; however, we increased our budgeted operating expenses by an amount that we believe is approximately equal to theoretical lease costs we would incur had our parent company not provided us with facilities that are not a component of operating costs in our goodwill reporting unit. After having determined the amount of our explicit year cash flows, we assumed that the Company would experience a long-term growth rate in free cash flows of 2% per annum thereafter. We then multiplied our cash flows by a marginal federal and state tax rate of 40% to derive our after-tax yearly cash flows. The range of Intellectual Property values we derived using the above amounted to $41,431,530, which exceeds the carrying value of our Intellectual Property of $9,958,222.

Liquidity and Capital Resources

We had $676 of cash at October 31, 2012. Cash used by operations for fiscal 2012 was $1,359,039. The principal use of funds were for consulting services supporting the development of our business plan, legal, and accounting fees in connection with being a public company and daily operations of the business, including rent and travel and laboratory costs.

In fiscal 2012, we raised $1,000,000 of cash from the issuance of our capital stock to fund operations. We received $356,500 from the issuance of convertible debentures.

In fiscal 2011, we raised $342,500 of cash from the issuance of our capital stock to fund operations. We received $482,500 from the issuance of convertible debentures.

We are not currently generating significant revenues and rely on raising new capital to fund our ongoing operations and development of our strategic business objectives. We have been able to use proceeds from the sale of our shares of common stock to fund a substantial balance of our operating costs. On December 12, 2012 we issued a convertible promissory note to JMJ financial in the amount of $250,000 of which we received an initial $60,000 payment. We expect to receive similar payments from JMJ under the note at various intervals during the calendar year 2013.

On October 18, 2012, the Board of Directors of the Company approved a stock compensation plan for professionals and consultants. The Plan was approved by the Board, on November 7, 2012 and the Company filed with the Securities and Exchange Commission a registration statement on Form S-8 for issuance of up to ten (10) million shares pursuant to the stock compensation plan. We plan to fund a portion of our expenses by issuing shares of our S-8 common stock to consultants and professionals.

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On December 11, 2012, the Company entered into an Equity Credit Agreement ("Equity Line of Credit") with Southridge Partners II, LP for an equity line of up to $10,000,000. Pursuant to the Equity Credit Agreement, the Company has the right, at its discretion, to sell to Southridge up to $10 million of its common stock from time to time over a 36-month period. The Company will have the right, but is not obligated, to sell stock to Southridge depending on certain conditions as set forth in the Agreement. We plan to submit a registration statement to the SEC and we plan to begin utilizing the Equity Line of Credit upon approval by the SEC.

The Company believes that we will be able to generate significant sales by the fourth quarter of 2013 providing for sufficient cash flows to supplement our equity financing. If we are able to execute our plan, the Company can begin to accumulate cash reserves. There is no assurance based on our current plans, however that our funds will be sufficient to meet our anticipated needs through our fiscal year 2013, and we may need to raise additional capital during fiscal 2013 to fund the full costs associated with our growth and development. There can be no assurances that we will be successful in raising additional capital on favorable terms if at all. If the Company is unable to secure additional capital, it may be required to curtail its business development initiatives, impair its intellectual property and take additional measures to reduce cost in order to conserve cash.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. Accordingly, the accompanying audited consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplates continuation of the Company as a going concern and the realization of assets and the satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements do not necessarily purport to represent realizable or settlement values. The audited consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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## OUR BUSINESS

### Company Structure

We are a life science specialty technology company that has developed a novel combinational chemistry-based technology which we believe in certain circumstances may neutralize harmful environmental contaminants, toxins and dangerous micro-organisms, including bacteria, viruses and spores. We currently operate our business through our subsidiary, BioNeutral Laboratories Corporation USA ("BioNeutral Laboratories" or "BioLabs"), a corporation organized in Delaware in 2003.

We were incorporated in the State of Nevada on April 10, 2007 under the name "Moonshine Creations, Inc.", and changed our name to "BioNeutral Group, Inc." on December 22, 2008. From our incorporation until January 30, 2009, we did not have significant business operations.

On January 30, 2009, we entered into a share exchange agreement (the "Share Exchange Agreement"), with BioNeutral Laboratories pursuant to which we agreed to issue to the shareholders of BioNeutral Laboratories an aggregate of 44,861,023 shares of our common stock (the "Share Exchange") in exchange for substantially all of the capital stock of BioNeutral Laboratories.

On February 3, 2011, the Company formed BioNeutral Services, Inc., a wholly owned subsidiary of BioNeutral Group, Inc. BioNeutral Services was formed to market and distribute several of the Company's core products. The company, based in Kentucky, currently does not have significant operations. The Company plans to close this subsidiary.

The Company has a wholly owned subsidiary, Environmental Commercial Technology, Corp. ("ECT"), a Delaware corporation. ECT has no significant operations.

### Business Overview

We are a life science specialty technology corporation focused on commercializing two classes of product formulations: (1) anti−microbials, which are formulations designed to kill certain harmful microscopic living organisms, and (2) bioneutralizers, which are formulations designed to destroy certain agents that are noxious and harmful to health and/or the environment.

In February 2011, the Company received approval and registration from the EPA in response to the Company's regulatory application for its Ygiene® 206 sterilant formulation. To date we have received approvals for distribution of Ygiene® 206 in 32 states located primarily east of the Mississippi River. The Company will apply for approval in the remaining 18 states on an as needed basis. Our Ogiene™ product does not require federal or state approval for sale and distribution. We are actively engaged in marketing both of our product lines by negotiating with distributors and the staging of product trials. To date, we have not generated any meaningful product revenue.

### Products

We currently are focused on the commercialization of two classes of product formulations, antimicrobials and bioneutralizers. We refer to our anti−microbial formulations as our Ygiene™ products and our bioneutralizer formulations as our Ogiene™ products. A description of each of these products is set forth below.

#### Ygiene™

We have developed our Ygiene ™ products with the intent to kill certain harmful microbes, includ–ing virulent gram positive or negative bacteria, viruses, yeast, mold, fungi, spores and/or certain bioterrorism agents, such as anthrax. Our Ygiene ™ formulations are designed to target and bind to specific surface proteins and penetrate and alter the cellular structure of such proteins. They are peroxy-based and, based on our internal laboratory studies, on a per unit volume basis, we believe it contains more active ingredients than any commercially available antimicrobial known to us. In laboratory tests conducted by us, our Ygiene™ formulations demonstrated large zones of inhibition (areas on agar plates where growth of control organisms are prevented by antibiotics placed on agar surfaces) and high potency across a wide spectrum of harmful microbes.

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We are developing our Ygiene ™ formulations for potential use in a broad range of applications, although the marketing and sale of each Ygiene ™ formulation in the United States and internationally will be subject to U.S. and foreign governmental regulations, respectively. We believe there are three potential applications of our Ygiene ™ formulations, as set forth below:

Military/First Responders/Hospital Sterilant/Specialty Industrial: We have developed Ygiene ™ formulations for "kill on contact" applications for anthrax and other micro-organisms for use by the military, first responders, hospitals and other special industries.

Hospital/Health Care High-Level Disinfectant/Mold Remediation/Industrial Cleansing: We have developed the Ygiene ™ formulations for sterilant high-level disinfectant applications for Methicillin Resistant Staphylococcus Aureus (MRSA), multi-drug resistant Pseudomonas Aeruginosa, E. Coli, mold and other microbes for use by hospitals and other healthcare facilities, food preparation facilities and other demanding environments, which application we refer to herein as the "Hospital and Industrial Application."

Consumer Products/Light Industrial/Healthcare: We have developed the Ygiene ™ formulations for sporacidal, bactericidal and virucidal applications in general areas of hospitals, nursing homes and physician and dental offices. We also are considering Ygiene ™ formulations for use as skin sanitizers.

Currently, we are focusing our efforts on the commercialization of our Ygiene ™ formulation for use as a high-level cleansing within the industries of acute and long-term health care, veterinary clinics and hospitals, food and livestock production and processing, commercial mold remediation, and travel based hospitality. Based on laboratory tests conducted by us, we believe that, under certain laboratory conditions, this Ygiene ™ formulation may be as effective as chlorine bleach or caustic soda for killing certain microbes, without the high level of toxicity generally associated with chlorine bleach or caustic soda. In these laboratory tests, the Ygiene ™ formulation inhibited the growth of over 200 microbes, including Methicillin resistant Staphylococcus Aureus (MRSA), multi-drug resistant Pseudomonas Aeruginosa and E. coli.

Before we may market and sell any of our Ygiene ™ formulations in the United States, the Ygiene ™ formulation, regardless of their intended applications, must be registered with respect to each disinfectant claim for such formulation with the U.S. Environmental Protection Agency, or the EPA. Similarly, before we may market and sell any Ygiene ™ formulation in any foreign country, the Ygiene ™ formulation must be registered with the appropriate agencies of such foreign country. Our Ygiene ™ formulation that we intend to market for the Hospital and Industrial Application has been registered with the EPA with respect to its disinfectant claims for marketing and sale in the United States and subsequently approved for sale and distribution 32 states in the US. It has also been registered for marketing and sale in Germany.

Ogiene™

Our Ogiene™ products are designed to potentially eliminate or reduce odors of many chemicals such as hydrogen sulfide, formaldehyde and ammonia, and to reduce certain green−house gases such as carbon dioxide and sulfur dioxide. Our Ogiene™ formulations are designed to interact with the functional organic or inorganic groups of harmful gases and reduce or eliminate them. Our Ogiene™ products will be offered in the gas phase – being applied as a fog, mist or spray – or in the liquid phase – being applied directly to liquid contaminates. Based on laboratory studies conducted by us, we believe that Ogiene™ is free of unreasonable adverse impacts to health or the environment and that no or minimal cleanup is required after application of our Ogiene™ products. We plan to market our Ogiene™ products for hotels, restaurants, industrial manufacturing, controlled animal feeding operations ("CAFOs"), and homes.

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In laboratory tests conducted by us, our Ogiene™ formulations have demonstrated an ability to destroy a variety of agents that are noxious and harmful to health and/or the environment, particulates and their associated odors. Specifically, in these tests, our Ogiene™ formulations demonstrated an ability to neutralize hydrogen sulfide, carbon dioxide, sulfur dioxide, formaldehyde and ammonia that are known contributors to foul odors and/or greenhouse gases. We also are seeking to demonstrate that our Ogiene™ formulations may be used to effectively neutralize certain poisonous gases and to remove industrial pollution and environmental contaminants.

We believe our Ogiene™ formulations provide fast delivery capabilities of active ingredients and can eliminate or reduce a broad range of gases. We believe this is important since household, institutional and industrial odors and irritating gases can be the result of either a single odoriferous compound or the result of a multiplicity of odoriferous compounds or components. These odor causing components include various organic carboxylic acids, aldehydes, ketones, amines, mercaptans, sulfides, disulfides and esters. In addition, various inorganic compounds such as ammonia, hydrogen sulfide and sulfur dioxide may add to the complexity of specific odors. Laboratory tests conducted by us have demonstrated that in certain laboratory conditions our Ogiene™ formulations can reduce or eliminate the following:

formaldehyde;

ammonia and carbon dioxide;

sulfur dioxide/ nitrogen oxide (green house gases); and

cigar smoke

In general, our Ygiene™ and Ogiene™ formulations have shown the following capabilities in laboratory tests conducted by us:

Our formulations have killed spores, bacteria and viruses at room temperature.

We can manipulate our products, depending upon the needs of customers, to address requirements that can vary as follows:

the kill time from minutes to seconds;

the breadth of kill; and

the class of target organisms.

Our formulations are stable, non corrosive, non flammable and water soluble.

Our formulations can be applied as a liquid, wet wipe, spray, mist/fog or foam/froth and can be applied to air, surface and water.

Our Customers

To date, we have not had any significant sales of any of our current products. We plan to market and sell our products for high level cleaning, sanitizing and odor elimination to consumers, acute and long term health care facilities, veterinary clinics and hospitals, livestock production and processing facilities, food processing and packaging, nutraceutical and pharmaceutical processing, biotechnical clean rooms, commercial mold remediation,

hospitality and lodging, first responders, waste-water treatment, power generation and military chemical firms in the United States and overseas.

Marketing

We have assembled a small but experienced business team composed of individuals we believe to be highly capable to market, license, sell and distribute our products in the United States. Primarily we intend to sell our products directly to the end user and through distribution channels. However we will consider private label and licensing arrangements as a means of leveraging the technology base as well. As our products attract and gain wider acceptance in the US marketplace, we intend to develop an international sales presence in the future. Potential customers include hotels, restaurants and hospitals and those engaged in the military, power generation, mold remediation, surgical equipment sterilization and waste−−-water treatment industries.

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Competition

The markets for our Ogiene™ and Ygiene™ products are highly competitive. We have a number of competitors that vary in size and scope and breadth of products offered. Such competitors include some of the largest corporations in the world, and we believe substantially all of our competitors have greater financial resources than we do, including in the areas of sales, marketing, and branding and product development. We expect to face additional competition from other competitors in the future.

Current competitors include Clorox and other products including Formula 409 from The Clorox Company, Lysol and other cleaning products from Reckitt Benckiser, and laundry products including Tide and Downy from Procter & Gamble. Companies offering competitive industrial cleaning and sanitizing products include such companies as Ecolab, Inc., Steris Corporation and SC Johnson. Although these large competitors have significant market share in the disinfectant and cleaning product markets, product comparison tests that were either supported or conducted by BioNeutral indicate the superiority of BioNeutral products as effective antimicrobials, disinfectants, surface cleaners, laundry cleaners, stain removers, and odor neutralizers.

Since Ogiene™ and Ygiene™ are new formulations enhanced from our initial base formulas, our success will depend, in part, upon our ability to achieve market share at the expense of existing, established and future products developed by our competitors in our relevant target markets. Even if our Ogiene™ and Ygiene™ formulations have technological competitive advantages over competing products, we or potential distributors, will need to invest significant resources in order to attempt to displace traditional technologies sold by what are in many cases well-known international industry leaders. Alternatively, we may pursue strategies in selective markets of encouraging existing competitors to incorporate our products into their existing brands, thereby reducing the proportion of end-use revenues that would accrue to us. To the extent that we were to grant any existing competitor exclusivity to any field and/or territory, we would risk having our technology marketed in a manner that may be less than optimal for us. We recognize that innovative marketing methods may be required in order to establish our products, and that such methods may not be successful.

Intellectual Properties

Our intellectual property includes patent applications for our formulations and our manufacturing processes, and applications to register the trademarks BioNeutral™, AutoNeutral™, Ogiene™, Ygiene™,and the tagline SCIENCE TO SAV LIVES & PROTECT THE ENVIRONMENT™.

Intellectual Property

We believe our patent claims are unique within our chemical composition space. We believe prior lab and field tests completed by us have verified approximately 80 potential applications. As we continue to utilize our technology platform and complement our product offerings, we plan to protect our technology and products by filing appropriate patent applications covering such technology.

We currently have three pending utility patent applications filed with the United States Patent & Trademark Office, or the USPTO, directed to compositions of matter of our formulations, our manufacturing process and a number of applications. In addition, we have pending patent applications in Japan, Europe, Mexico, China, and New Zealand. We cannot assure you, however, that we will be able to obtain or maintain any Intellectual Property for our formulations. See “Item 1A. Risk Factors - If we are unable to obtain, maintain or defend patent and other intellectual property ownership rights relating to our technology, we may not be able to develop and market products based on our technology, which would have a material adverse impact on our results of operations and the price of our common stock.”

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Trademarks

In April 2005, the Company filed in the US Patent and Trademark Office (the "USPTO") an application for the registration of the trademarks BioNeutral™, Ogiene® and Ygiene®, based on our intent to use each of these marks in commerce. In April 2006, the USPTO issued notices of allowance signifying that each of these trademarks was entitled to registration after timely submission of statements of use, including evidence that such trademarks have been properly used in commerce. From June through November of 2008, however, the Company's applications for each of these trademarks were declared abandoned by the USPTO, since the Company inadvertently failed to timely file the appropriate statements of use with respect to each trademark within the six-month period from the date the USPTO issued the respective notices of allowance. In July 2009, the Company submitted again applications for each of these trademarks as well as the Company's tagline SCIENCE TO SAVE LIVES & PROTECT THE ENVIRONMENT®; however, the Company learned that PURE Bioscience, a company focused on the development and commercialization of bioscience products, had filed application for the registration of the trademarks BioNeutral™ and Ygiene® prior to the Company's resubmission of its applications. Subsequently in 2011, the Company received trademark registration from the USPTO for Ygiene®, Ogiene® and the Company's tagline SCIENCE TO SAVE LIVES & PROTECT THE ENVIRONMENT®. The Company intends to pursue with the Trademark Trial and Appeal Board an opposition to PURE Bioscience's application with respect to BioNeutral™. The Company cannot assure you that it will be successful in such opposition. In May 2011, the Company received notice that PURE Bioscience filed a petition with the USPTO for cancellation of the Company's Ygiene® registration. The Company is pursuing a vigorous opposition to the petition for cancellation; however the Company cannot assure you that it will be successful with such opposition on a timely basis, if at all.

We have entered into confidentiality agreements with certain third parties in an attempt to protect our trade secrets, including the processes, concepts, ideas and documentation associated with our technologies. We have entered into such agreements with our directors, officers and employees. Accordingly, we may not have sufficient protections for our technology and our competitors could acquire and use information that we consider to be our trade secrets and we may not be able to compete effectively. Most of our competitors have substantially greater financial, marketing, technical and manufacturing resources than we have and we may not be profitable if our competitors are also able to take advantage of our trade secrets.

Research and Development

We conduct our primary research and development activities in-house, and use third-party laboratories to conduct independent testing. Research and development expenditures were approximately $237,000 and $631,000 for the fiscal year ended October 31, 2012 and 2011, respectively. No amounts incurred for Research and Development were borne directly by customers.

Manufacturing

We currently have limited manufacturing capabilities. If and when we have available capital resources, we anticipate considering engaging (1) a contract manufacturers to produce finished products, which can be resold to our distributors/customers in Germany and after we obtain the requisite EPA and/or U.S. Food & Drug Administration clearance, in the United States; and (2) a contract manufacturer to produce the component which may be sold to a customer who may manufacture the finished products for mass distribution using the customer's brand name.

The active and inactive ingredients in our concentrated and ready-to-use products are readily available from multiple chemical supply companies.

Raw Materials

The active and inactive ingredients in our concentrated and ready-to-use products are readily available from multiple chemical supply companies

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Governmental Regulation

The marketing and sale in the United States and foreign countries of some of our current products and the products we may develop in the future are and may be subject to U.S. and foreign governmental regulations, respectively, which regulations vary substantially from country to country. The time required in obtaining registration, clearance or approval by the United States or any foreign country may cannot be determined with certainty, and each jurisdiction may have varying requirements may be different. There can be no assurance that we will be successful in obtaining or maintaining necessary registrations, clearances or approvals to market any of our current or future products in the United States or certain foreign countries.

Some of our current or future products are or may be subject to the Federal Insecticide, Fungicide and Rodenticide Act, or FIFRA. The objective of FIFRA is to provide federal control of pesticide distribution, sale, and use. All pesticides used in the United States must be registered with or licensed by the EPA. Registration assures that pesticides will be properly labeled and that, if used in accordance with specifications, they will not cause unreasonable harm to the environment. Use of each registered pesticide must be consistent with use directions contained on the label or labeling. Each application for registration of a pesticide product with the EPA must include the results of laboratory testing conducted in accordance with the EPA's Good Laboratory Practice Standards (GLP), which standards are designed to ensure the quality and integrity of test data submitted to the EPA in support of a pesticide product registration. These laboratory tests generally are conducted to demonstrate the efficacy, toxicity and certain physical characteristics of the pesticide product. When the GLP testing for a pesticide product is complete, an application demonstrating that the product candidate does not have unreasonable adverse impacts on health or the environment and that is effective for its intended use must be submitted to the EPA for its consideration. The registration application must include the proposed product label and claims to be made for the product and explain permissible uses and required conditions for use; it must include data to support registration relating to product and residue chemistry, toxicology, environmental fate, eco-toxicology, exposure data, and for public health pesticides such as antimicrobials, efficacy data consistent with EPA’s data requirement standards. The EPA reviews, evaluates, and analyzes the required data over a period of months, ranging from 6-8 months upwards to 20 or more, depending on the complexity of the product and its usage, whether its active ingredient has been registered previously and other factors. A cost-benefit analysis of the scientific data based on environmental, societal and economic variables is used by the EPA to determine the acceptable uses and conditions for use of the pesticide. The standard of analysis requires that the pesticide and its acceptable uses not cause harm to human health with reasonable certainty or pose unreasonable risks to the environment. During its review, the agency may request that studies need to be repeated, or additional studies may need to be conducted and new data submitted. The EPA staff evaluates risk assessment results and makes a decision based on risks versus benefits in light of the proposed use of the product. The EPA also may require changes in proposed labeling, uses, and application methods to mitigate risks to human health or the environment. For a new product with a new active ingredient that has low risk, the estimated time for the EPA to complete review of a registration submission is approximately 15 months. See “Item 1A. Risk Factors - We may not obtain the necessary U.S. or worldwide regulatory registrations, clearances or approvals to commercialize our products, and if we cannot commercialize our products, we will not become profitable.”

Our current or future products also are or may be subject to the Toxic Substance Control Act of 1976, or TSCA. TSCA provides the EPA with authority to require reporting, record-keeping and testing requirements, and restrictions relating to chemical substances and/or mixtures. Certain substances are generally excluded from TSCA, including, among others, food, drugs, cosmetics and pesticides. TSCA addresses the production, importation, use, and disposal of specific chemicals including polychlorinated biphenyls (PCBs), asbestos, radon and lead-based paint. If we determine that our products contain or constitute any “new chemical substances,” we are required to file a premanufacture notice (PMN) with the EPA 90 days before the start of production, and must include information about the chemical identity of the substance, byproducts, production volume, and descriptions of uses, human exposure and disposal practices, and any relevant test data. The EPA will at the end of the 90 day period issue a

regulatory decision dropping the substance from any further review or, if not, specifying the need for additional review or other action, including any regulatory constraints upon production.

The marketing and sale of any of our current or future product in the United States for use on or in the human body also will require pre-clearance by the FDA. We understand that the FDA pre-clearance process typically takes from approximately 15 to 19 months, depending upon the type, complexity and novelty of the product candidate.

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We also are subject to regulation by the U.S. Federal Trade Commission, or FTC, with respect to our environmental marketing claims. Products advertised as eco-friendly and "green" cleaning products must conform to the FTC's Guides for the Use of Environmental Marketing Claims. In the event the FTC were to determine that any of our products are not in compliance with such guides, the FTC could bring enforcement actions on the basis that our marketing claims are false or misleading, which if successful, could subject us to fines or other penalties which could have a material adverse effect on our operations.

Our Ygiene™ formulations are considered pesticides under FIFRA and require registration with the EPA and approval of each proposed disinfectant claim to be made. We have obtained EPA registration of our Ygiene™ formulation for disinfectant claims with respect to the Hospital and Industrial Application.

Our Ygiene™ professional disinfectant product and multipurpose cleaner and disinfectant product were registered with the German Bundesanstalt für Arbeitsschutz und Arbeitsmedizin, a German government sanctioned institute for safety and health, on January 5, 2010 and November 30, 2009, respectively. As a result of such registrations, we are permitted to sell such Ygiene™-based products in Germany. We have not sold any of our products in Germany and currently do not have adequate resources to attempt to make any such sales or to have our products manufactured for sale.

Our Ogiene™ formulations, which do not rely upon antibiotic or pesticide activity, are not regulated under FIFRA. All of the active ingredients of our Ogiene™ formulations are already on the Chemical Substance Inventory maintained by the EPA under TSCA and therefore are not subject to additional requirements under TSCA.

If we intend to market and sell any of our formulations as a skin sanitizer, to sterilize medical equipment or otherwise for use on or in the human body, we will need to obtain pre-clearance from the FDA. We have not submitted any of our formulations for clearance by the FDA and do not anticipate seeking FDA clearance for any of our formulations unless and until the requisite EPA registration for such formulation is obtained. If we were to seek FDA clearance for any of our formulations, we anticipate that the total cost to us for each pre-clearance would be approximately $400,000.

Employees

As of February 15, 2013, we had six full-time employees. We have part-time consultants devoting time to us. None of our employees are represented by union or collective bargaining agreements. We believe that our relationships with our employees are good.

Advisory and Consultant Agreements

Advisory Agreement

On March 5, 2012, we entered into an Engagement Agreement (the "Agreement") with DLA Piper US LLP ("DLA") for the provision by DLA of government contracting services to the Company related to its sporicide and sterilent, Ygiene™. In particular, the Agreement provides that DLA will provide the Company with (i) government contact counseling and assistance in obtaining a General Services Administration (GSA) Multiple Award Schedule contract, as well assistance in obtaining any other prime contract or subcontract with a federal, state or local government agency or international organization; (ii) outreach to and education of select government senior officials, members of Congress, health networks and other relevant organizations about Ygiene™; and (iii) strategic advice regarding public policy matters related to Ygiene™. Under the Agreement, Senator Tom Daschle, DLA's Senior Policy Advisor, will oversee the management of the services to be provided by DLA, which will be provided by other attorneys and professionals of DLA. Such representation does not include representation of the Company's subsidiaries, affiliates,

stockholder, officers or directors.

In consideration for the services to be provided by DLA, the Company agreed to pay DLA (i) a monthly retainer in the amount of $22,500 from March 1, 2012 to September 1, 2012; (ii) thereafter, and unless otherwise mutually agreed upon, a retainer of $40,000 per month; and (iii) an annual fee of 12.5% of all gross sales of Ygiene™ (or its successor) products that DLA was a factor in securing. In addition, the Company agreed to pay for all travel and other associated costs incurred by DLA, as approved by the Company's Chief Executive Officer. None of the fees payable to DLA shall be derived from federal appropriations. The Company is currently in negotiations with DLA to extend the agreement for future advisory assistance.

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## OUR PROPERTY

Our executive offices were formally located at 55 Madison Avenue, Suite 400, Morristown, NJ 07960. The office located in Morristown consisted of approximately 400 square feet of office space. We occupied this space pursuant to a rental agreement that began on November 1, 2011 and expired on October 31, 2012. Effective September 1, 2012 the Company reduced the size of the rental space and rent to $2,651 per month. The Company arranged for a three month extension of the rental agreement which expired on January 31, 2013. The Company vacated the space on January 31, 2013 and is currently headquartered at our facilities at the New Jersey Institute of Technology ("NJIT").

We lease facilities at NJIT, located at 211 Warren Street, Newark, New Jersey 07103 which consist of approximately 519 square feet of office space and approximately 590 square feet of laboratory space. We currently occupy this space pursuant to a lease which began on September 1, 2005 and was renewed every year since inception. The current lease has been renewed on September 1, 2011 and expires on August 31, 2012, subject to our option to renew the lease for an additional one year period on terms and conditions set forth therein. All leases at the NJIT campus are limited to a one year term. Pursuant to the lease, we are required to pay rent in the amount of $3,019 per month. Such rental payment includes all common area maintenance costs. We are currently renting these office spaces on a month-to-month basis at similar terms to those of our most recent expired lease.

We believe that our existing facilities are suitable as office and laboratory space, and are adequate to meet our current needs. We also believe that our insurance coverage adequately covers our current interest in our leased space. We do not own any real property for use in our operations or otherwise.

## LEGAL PROCEEDINGS

On November 26, 2012, the Company filed a complaint against Raj Pamani, a shareholder and former director of the Company in the Superior Court of New Jersey Essex County: Chancery Division ("the Complaint"). Included also as defendants were several entities to which in 2009 the Company awarded approximately 13 million shares of its common stock in consideration for consulting contracts which the Company has concluded were fraudulently induced and were later deemed to be worthless (the "Defendant Entities"). By causing the Company to enter into the contracts to its detriment in favor of Mr. Pamani's and the Defendant Entities self-enrichment, the Company seeks to recover damages incurred from the actions of Mr. Pamani and the Defendant Entities as a result of self-dealing, breach of fiduciary duty, breach of loyalty and fraud. As this matter unfolds, the Company may pursue and recover damages incurred from other parties that come to its attention for their participation.

On August 1, 2012, the Company filed a complaint for declaratory judgment against Vinfluence in the United States District Court for the Southern District of New York ("the Complaint"). Due to issues and disagreements under the contracts, the Company seeks to cancel and/or rescind the contracts, and to prevent actual damages from occurring. In doing so, we seek a declaratory judgment from the court that 1.) all five contracts between the Company and Vinfluence should be read together as one integrated contract; 2.) Vinfluence did not exercise the Option, as defined in the Agreement to License Invention ("License Agreement"), and that the Option has expired; and 3.) New York is the proper forum for disputes. In response, on December 24, 2012, Vinfluence filed a Statement of Claim in the Supreme Court of South Wales in Sydney Australia ("the "Vinfluence Claim"). The Vinfluence Claim seeks monetary damages and alleges several breaches of contract under the License Agreement most importantly that 1.) Vinfluence performed its obligations and supplied adequate consideration for both the license for their Territory and for the Optioned Territory (as defined in the License Agreement); and BioNeutral failed to deliver on all of its obligations. The Company and Vinfluence have been negotiating and an agreement in principle has been reached the details of which are being incorporated in a written agreement. Among other provisions, the "Agreement to Assign and Settle Debt" and the "Agreement to Assign and Settle Notes" would be terminated and a certain amount of shares provided to Vinfluence under such agreements would be returned to the Company. In addition, the License Agreement would be terminated

and replaced by a Distribution Agreement pursuant to which Vinfluence would receive distribution rights in certain Asian-Pacific countries. In the event that the agreement in principle cannot be finalized, the Company will vigorously pursue the matter in court.

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On October 1, 2009, the SEC issued a formal order of investigation to the Company regarding possible securities laws violations by us and other persons. The investigation concerns the process by which the Company became a publicly traded entity, trading in the Company's shares, and disclosure and promotion of developments in the Company's business. The SEC has requested that the Company deliver certain documents to the SEC. The Company has, and will continue to fully cooperate with the SEC with respect to its investigation.

The Company has incurred, and may continue to incur costs, which may be significant, in responding to such investigation. Any adverse findings by the SEC in connection with such investigation could have a material adverse impact on the Company's business, including the Company's ability to continue to operate as a publicly traded company.

In April 2005, the Company filed in the US Patent and Trademark Office (the "USPTO") an application for the registration of the trademarks BioNeutral™, Ogiene® and Ygiene®, based on its intent to use each of these marks in commerce. In April 2006, the USPTO issued notices of allowance signifying that each of these trademarks was entitled to registration after timely submission of statements of use, including evidence that such trademarks have been properly used in commerce. From June through November of 2008, however, the Company's applications for each of these trademarks were declared abandoned by the USPTO, since the Company inadvertently failed to timely file the appropriate statements of use with respect to each trademark within the six-month period from the date the USPTO issued the respective notices of allowance. In July 2009, the Company submitted again applications for each of these trademarks as well as the Company's tagline SCIENCE TO SAVE LIVES & PROTECT THE ENVIRONMENT®; however, the Company learned that PURE Bioscience, a company focused on the development and commercialization of bioscience products, had filed application for the registration of the trademarks BioNeutral™ and Ygiene® prior to the Company's resubmission of its applications. Subsequently in 2011, the Company received trademark registration from the USPTO for Ygiene®, Ogiene® and the Company's tagline SCIENCE TO SAVE LIVES & PROTECT THE ENVIRONMENT®. The Company intends to pursue the Trademark Trial and Appeal Board an opposition to PURE Bioscience's application with respect to BioNeutral™. The Company cannot assure you that it will be successful with such opposition on a timely basis, if at all. In May 2011, the Company received notice that PURE Bioscience filed a petition with the USPTO for cancellation of the Company's Ygiene® registration. The Company intends to pursue a vigorous opposition to the petition for cancellation; however the Company cannot assure you that it will be successful with such opposition on a timely basis, if at all.

Other than the foregoing, the Company is not a party to, and none of the Company's property is the subject of, any pending legal proceedings other than routine litigation that is incidental to the Company's business.

## MANAGMENT

### Directors and Executive Officers

The following table sets forth the names, ages and titles of our directors and executive officers as of February 15, 2013, and the years in which such directors became directors. All directors hold office until the next annual meeting of shareholders or until their respective successors are elected and qualified.

| Name | Age | Positions and Offices Held | Director Since |
|---|---|---|---|
| Mark Lowenthal | 69 | Director, President and Chief Executive Officer | 2012 |
| Dr. Andy Kielbania | 65 | Director and Chief Scientific Officer | 2010 |
| Dr. Philip Tierno | 50 | Director | 2012 |
| Ben N. Hanafin | 50 | Director | 2012 |
| Robert Machinist | 50 | Director | 2012 |

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Mark Lowenthal currently serves as a member of the Operation Executive Board of AUA Equity Partners, a position he has held since 2010. Prior to such, Mr. Lowenthal served as the President and Chief Executive Officer of European Soaps, LLC from 2008 to 2009. He also previously served as President of Revlon Europe, Asia and the Middle East from 1995 to 1999 where he was responsible for planning and implementing a major restructuring of the company's business, including shifting from an individual country management approach to an integrated global approach. In addition, Mr. Lowenthal previously served as the President and General Manager of Almay, Inc. and as the Vice-President of Marketing of International Playtex, Inc. Mr. Lowenthal received his BA from the University of Buffalo where he majored in History and received an MBA from New York University.

Dr. Andy Kielbania has served as our Chief Scientific Officer and Secretary since January 30, 2009 and has served a director of our company since November 30, 2010. Dr. Kielbania joined BioNeutral Laboratories as a scientist in 2005. From 2002 to 2005 Dr. Kielbania served as the vice president of Manning Management. He previously held positions at Rohm and Haas where he assumed senior level positions in research and developing. Dr. Kielbania received his Ph.D. in organic chemistry from the University of California at Berkeley. As a result of these and other professional experiences, we believe Mr. Kielbania is qualified to serve as a director based on his scientific knowledge and his management skill.

Dr. Philip M. Tierno, Jr. is the Director of Clinical Microbiology and Diagnostic Immunology at Tisch Hospital New York University Langone Medical Center. He is a clinical professor of Microbiology and Pathology at New York University School of Medicine and a Professor at New York University College of Dentistry. He has been with New York University since 1981. Prior to NYU, Dr. Tierno was with several medical institutions. He acts as a consultant to: the Office of the Attorney General of NY State; the Department of Health City of NY; the National Institute of Health; College of American Pathologists (CAP); International Hygiene Council; and NYCDOH Med Reserve Corps. Dr. Tierno has published numerous treatises on antibiotics, toxic shock syndrome and other infections. Dr. Tierno has in the past performed independent research and analysis on the Company's products on behalf of the Company.

Ben N. Hanafin has been the President of Carova Management, LLC since 1997. Carova is an executive management firm specializing in interim CEO assignments, executive coaching and strategic planning facilitation. At Carova, he has acted as interim CEO and provided consulting services to numerous companies including Strato, Inc. and AL Systems, Inc. Prior to Carova, he was the President of PyMaH Corporation, a medical device developer where he increased annual sales from $6 million to $35 million. Mr. Hanafin was with PyMaH for over 20 years, the last nine of them as President. He serves as a Trustee to several charitable organizations.

Robert Machinist is currently Chairman of the Board of Advisors of MESA, a merchant bank specializing in media and entertainment industry transactions, a position that he has served in since 2002. Mr. Machinist is also a partner in Columbus Nova, a private investment fund. Prior to 2002, Mr. Machinist served as Managing Director and Head of Investment Banking for the Bank of New York and its Capital Market's division. For 12 years prior to his time at the Bank of New York, Mr. Machinist was President of Patricof & Company Capital Corp., a diversified venture capital and investment banking company with a multinational investment banking business. Patricof & Co. was sold to the Bank of New York in 1998. Prior to Patricof, Mr. Machinist held a number of senior positions at several investment businesses. Mr. Machinist served until December 2009 as Non-Executive Chairman of New Motion, Inc. and as a member of its Board of Directors and its Audit and Compensation Committees. He also serves on the Board of Directors of CIFC Corp. and is Chairman of CIFC's Audit Committee. He is also a member of the Board of Directors of United Pacific Industries, a publicly listed Hong Kong company where he also serves as Chairman of the Audit Committee and serves on the Compensation and Nominating and Corporate Governance Committees. Mr. Machinist also serves as Vice-Chairman of Maimonides Hospital Medical Center, serves on their Board of Directors and as Chairman of its Investment Committee. Mr. Machinist is also involved in philanthropic activities including serving as Chairman of the America Committee for the Weizmann Institute of Science and as a Trustee of Vassar College.

Family Relationships

There are no family relationships between any of our executive officers or directors.

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Code of Ethics

We have a code of ethics that applies to our chief executive officer, chief financial officer and other persons who perform similar functions. A copy of our code of ethics is incorporated by reference as an exhibit to this Annual Report on Form 10-K.

Audit Committee Financial Expert

Our Board of Directors maintains an audit committee chaired by Robert Machinist. Mr. Machinist has significant experience participating on audit committees. Our audit committee arranges for our annual audit and quarterly reviews with Marcum LLP, our outside Certified Public Accounting firm.

The Board of Directors and Committees

Currently, Messrs. Hanafin and Machinist qualify as "independent" directors. Messrs. Lowenthal, Kielbania and Tierno do not qualify as an "independent" director, as that term is defined by applicable listing standards of The NASDAQ Stock Market and SEC rules. As a requirement to listing the Company's common stock on The NASDAQ Capital Market or other exchange, the Company intends to maintain independent directors. The board's composition (and that of its committees) will be subject to the corporate governance provisions of its primary trading market, including the requirement for appointment of independent directors in accordance with the Sarbanes-Oxley Act of 2002, and regulations adopted by the Securities and Exchange Commission pursuant thereto.

Audit Committee

Effective December 12, 2012, we have established an audit committee of the board of directors, which will consist of independent directors, of which at least one director will qualify as a qualified financial expert as defined in the regulations of the Securities and Exchange Commission. The audit committee's duties are to recommend to our board of directors the engagement of independent auditors to audit our financial statements and to review our accounting and auditing principles. The audit committee will review the scope, timing and fees for the annual audit and the results of audit examinations performed by the internal auditors and independent public accountants, including their recommendations to improve the system of accounting and internal control. The audit committee will at all times be composed exclusively of directors who are, in the opinion of our board of directors, free from any relationship that would interfere with the exercise of independent judgment as a committee member and who possess an understanding of financial statements and generally accepted accounting principles.

Compensation Committee

Effective December 12, 2012, we have established an executive compensation committee of the board of directors. The compensation committee will review and approve our salary and benefits policies, including compensation of executive officers. The compensation committee will also administer any stock option plans that we may adopt and recommend and approve grants of stock options under such plans.

Nominating and Corporate Governance Committee

We intend to establish a nominating and corporate governance committee of the board of directors to assist in the selection of director nominees, approve director nominations to be presented for shareholder approval at our annual meeting of shareholders and fill any vacancies on our board of directors, consider any nominations of director candidates validly made by shareholders, and review and consider developments in corporate governance practices.

Code of Conduct

Our board of directors plans to adopt a Code of Conduct, which will apply to all directors, officers and employees. The purpose of the Code is to promote honest and ethical conduct.

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## EXECUTIVE COMPENSATION

Summary Compensation Table
(Fiscal Year Ended October 31, 2012 and 2011)

The following table sets forth all of the compensation awarded to, earned by or paid to (i) each individual serving as our principal executive officer during the fiscal years ended October 31, 2012 and 2011 (ii) the two most highly compensated executive officers, other than the principal executive officer who were serving as executive officers at the end of such fiscal year and who received total compensation in excess of $100,000 during such fiscal year (collectively, the “named executive officers”).

| Name and Principal Position | Year | Salary ($) | Bonus ($) | Stock Awards ($) | All Other Compensation ($) | Totals ($) |
|---|---|---|---|---|---|---|
| Mark Lowenthal President and Chief Executive Officer | 2012 | 80,769 | 0 | 0 | 0 | 80,769 |
| Stephen Browand Chief Executive Officer | 2011 | 0 | 0 | 0 | 0 | 0 |
| Dr. Andy Kielbania Chief Scientist & Secretary | 2012 | 180,000 | 0 | | 10,296(1) | |
| | 2011 | 120,000 | 0 | 489,027 (2) | 10,296(1) | 419,323 |

(1) Represents the cost of a leased car utilized by Dr. Kielbania.

(2) On October 31, 2011, the Company awarded Mr. Kielbania 2,500,000 shares of the Company’s common stock for services rendered in the scientific advancement of the Company’s products. The shares for services were valued at $.08 per share reflective of the value for the Company’s common stock established by the Vinfluence transactions which resulted in research and development expense of $200,000 in the year ended October 31, 2012. On February 28, 2011, the Company received approval and registration from the EPA in response to the Company's regulatory application for its Ygiene® 206 formulation. In conjunction with the recent EPA approval and the verbal agreement entered into, the Chief Scientific Officer earned 555,822 restricted shares of common stock on February 28, 2011. The value of the stock based compensation is $289,027, which is based on the closing price of the Company’s common stock on February 28, 2011. The Company issued the shares on April 18, 2011.

Employment/Consulting Agreements

Effective July 2, 2012, we entered into an employment agreement with Mr. Mark Lowenthal, a member of the Company’s Board of Directors. Mr. Lowenthal has agreed to serve as the Company's President and Chief Executive Officer. The term of Mr. Lowenthal's employment shall be indefinite. Mr. Lowenthal's compensation shall consist of a $300,000 per annum base salary, except that Mr. Lowenthal shall receive a base salary of $150,000 per annum, with the remainder being deferred until such time as the Company has at least $4,000,000 in gross revenues or raises at least $3,000,000 in financing. Mr. Lowenthal shall also be entitled to a bonus in an amount not to exceed 25% of his base salary in the event that the Company reaches certain performance goals. Mr. Lowenthal shall also be granted options to purchase 5% of the outstanding capital stock of the Company at a price of $0.10 per share, which options shall vest at an annualized rate of 25% per year. Using the Black-Scholes method of option valuation, the Company

determined the fair value of the options were not material at October 31, 2012. Mr. Lowenthal shall also be entitled to a one-time success fee in the amount of $5,000,000 if the Company is sold or merged during the term of his employment, provided that the Company is valued at $100,000,000 or more in connection with such sale or merger (if the value is between $75,000,000 and $99,999,999 then the success fee will be pro-rated). Andy Kielbania, who was the Company's Interim Chief Executive Officer, will be the Company's Chief Scientific Officer going forward.

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We previously entered into a consulting agreement with our Chief Scientific Officer, pursuant to which Dr. Kielbania agreed to take responsibilities and take direction from our board of directors. Under this agreement, we are obligated to pay Dr. Kielbania $10,000 per month; provided, that compensation need not be paid until we have adequate funds in order to make payment on the compensation owed to him. Effective November 1, 2011 the Board appointed Dr. Andrew Kielbania as the Interim Chief Executive Officer of the Company, with such appointment taking effect immediately. Dr. Kielbania's appointment was governed by the employment agreement entered into by the Company and Dr. Andrew Kielbania pursuant to which Dr. Kielbania was to serve as the Company's Interim Chief Executive Officer for a period of six (6) months or until a successor is retained. His salary for such period was be $15,000 a month with certain other benefits. Further, upon the appointment of a new Chief Executive Officer of the Company, Mr. Kielbania shall serve as the Company's Chief Scientific Officer for period of two (2) years. His salary as such will be $10,000 per month, with certain benefits. On July 3, 2012, Mr. Kielbania resigned from his position as Interim Chief Executive Officer upon the appointment of Mr. Lowenthal as President and Chief Executive Officer. He is currently serving as Chief Scientific Officer and the Company has agreed to increase his salary to $15,000 per month.

Outstanding Equity Awards at Fiscal Year End
(Fiscal Year Ended October 31, 2011)

The following table sets forth information with respect to grants of options to purchase our common stock to the named executive officers at October 31, 2012.

| | Options awards | | | | | Stock awards | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Number of securities underlying unexercised options (#) exercisable | Number of securities underlying unexercised options (#) unexercisable | Equity incentive plan awards: Number of securities underlying unexercised unearned options (#) | Option exercise price ($) | Option expiration date | Number of shares or unites of stock that have not vested (#) | Market value of shares of unites of stock that have not vested ($) | Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#) | Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($) |
| Mark Lowenthal | - | 509,096 | 5,633,713 | $ .10 | None | - | - | - | - |
| Dr. Andy Kielbania | - | - | - | $ - | - | - | - | - | - |

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Director Compensation

All directors are reimbursed for their reasonable out-of-pocket expenses incurred in connection with attending board of director and committee meetings.

The following table provides certain information with respect to the compensation earned or paid to our non-employee directors during the fiscal year ended October 31, 2012. Mr. Lowenthal and Mr. Kielbania did not receive any compensation for their services on our board of directors beyond the compensation they received as our President and Chief

| Name | Fees earned or paid in cash ($) | Stock awards ($) | Option awards ($) | Non-equity incentive plan compensation ($) | Nonqualified deferred compensation earnings ($) | All other compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Mark Lowenthal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dr. Andy Kielbania | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dr. Philip Tierno | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ben N. Hanafin | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Robert Machinist | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

We have agreed to compensate our non-management members of the Board as follows:

1. Dr. Philip Tierno – Effective September 1, 2012, Dr. Tierno agreed to serve on our Board of Directors for a one year term. For his service on the board, he will receive $20,000 to be paid in cash and $32,000 paid in restricted stock for a total of $52,000. On December 12, 2012 the Company approved the issuance of 219,178 shares of the company's restricted stock valued at $.073 per share which is equal to the average closing price of the Company's common stock for the 10 preceding days, representing interim compensation of $16,000.
2. Ben N. Hanafin – Effective September 1, 2012, Mr. Hanafin agreed to serve on our Board of Directors for a one year term. For his service on the board, he will receive $20,000 to be paid in cash and $50,000 paid in restricted stock for a total of $70,000. On December 12, 2012 the Company approved the issuance of 342,466 shares of the company's restricted stock valued at $.073 per share which is equal to the average closing price of the Company's common stock for the 10 preceding days, representing interim compensation of $25,000.
3. Robert Machinist – Effective September 1, 2012, Mr. Machinist agreed to serve on our Board of Directors and serve as chairman of our audit committee for a one year term. For his service on the board and his chairmanship, he will receive $20,000 to be paid in cash and $75,000 paid in restricted stock for a total of $95,000. On December 12, 2012 the Company approved the issuance of 513,698 shares of the company's restricted stock valued at $.073 per share which is equal to the average closing price of the Company's common stock for the 10 preceding days, representing interim compensation of $37,500.

Consulting Agreements with Certain Directors

The Company has an agreement with Dr. Philip Tierno for scientific consulting services. Dr.Tierno is compensated at the rate of $1,500 per month for his services.

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## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding ownership of shares of our common stock, as of February 15, 2013:

by each person known by us to be the beneficial owner of 5% or more of our common stock;

by each of our directors and named executive officers; and

By all of our directors and executive officers as a group.

Except as otherwise indicated, each person and each group shown in the table below has sole voting and investment power with respect to the shares of common stock indicated. For purposes of the table below, in accordance with Rule 13d-3 under the Exchange Act, a person is deemed to be the beneficial owner of any shares of our common stock over which he or she has or shares, directly or indirectly, voting or investment power or of which he or she has the right to acquire beneficial ownership at any time within 60 days. As used in this proxy statement, "voting power" is the power to vote or direct the voting of shares and "investment power" includes the power to dispose or direct the disposition of shares. Common stock beneficially owned and percentage ownership as of January 4, 2013 was based on 126,732,632 shares outstanding.

| Name and Address of Beneficial Owner (1) | Amount and Nature of Beneficial Ownership (1) | Percentage of Class | |
|---|---|---|---|
| Mark Lowenthal, Director, CEO and President | - | 0 | % |
| Dr. Andy Kielbania, Chief Scientific Officer | 3,498,096 | 2.8 | % |
| Ben Hanafin, Director | 342,466 | .3 | % |
| Dr. Philip Tierno, Director | 219,178 | .2 | % |
| Robert Machinist, Director | 513,698 | .4 | % |
| All Directors and Executive Officers as a Group | 4,573,438 | 3.7 | % |
| Michael Francis, Shareholder (2) | 30,548,501 | 24.1 | % |

(1) Unless otherwise stated, the address for all the officers and directors is c/o BioNeutral Group, Inc., Madison Avenue, Suite 400, Morristown, New Jersey 07960.

(2) 150 Smith Road, Parsippany, New Jersey 07054.

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The Selling Security Holders Table

The following table sets forth the names of the Selling Security Holder, the number of shares of common stock beneficially owned by the Selling Security Holder as of the date hereof and the number of shares of common stock being offered by the Selling Security Holder. The shares being offered hereby are being registered to permit public secondary trading, and the Selling Security Holder may offer all or part of the shares for resale from time to time. However, the Selling Security Holder is under no obligation to sell all or any portion of such shares nor is the Selling Security Holder obligated to sell any shares immediately upon effectiveness of this prospectus. All information with respect to share ownership has been furnished by the Selling Security Holder. The "Amount Beneficially Owned After Offering" column assumes the sale of all shares offered.

| Name: | Shares Beneficially Owned Prior to Offering | Shares to be Offered | Amount Beneficially Owned After Offering | Percent Beneficially Owned After Offering |
|---|---|---|---|---|
| Southridge Partners II, LP (1) | 46,162,280 | 0 | | 0% |

(1) Southridge Partners II, LP is a limited partnership organized and exiting under the laws of the state of Delaware. Southridge Advisors, LLC is the general partner of Southridge and has voting and investment power over the shares beneficially owned by Southridge Partners II, LP. Stephen M. Hicks is the manager of Southridge Advisors, LLC, and has voting and investment power over the shares beneficially owned by Southridge Partners II, LP.

All expenses incurred with respect to the registration of the common stock will be borne by us, but we will not be obligated to pay any underwriting fees, discounts, commission or other expenses incurred by the Selling Security Holder in connection with the sale of the Purchase Shares.

Neither the Selling Security Holder nor any of its associates or affiliates has held any position, office, or other material relationship with us in the past three years.

## PLAN OF DISTRIBUTION

This Prospectus relates to the resale of 30,000,000 shares of our common stock by the Selling Securityholder

The Selling Security Holder and any of its pledges, donees, assignees and other successors-in-interest may from time to time, sell any or all of their shares of our common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. The Selling Security Holder may use any one or more of the following methods when selling shares.

We may sell the securities registered under this prospectus:

Ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
Block trades in which the broker-dealer will attempt to sell the shares agent, but may position and resell a portion of the block as principal to facilitate the transaction;
Purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
Any exchange distribution in accordance with the rules of the applicable exchange;
Privately negotiated transactions;

Broker-dealers may agree with the Selling Security Holder to sell a specified number of such shares at a stipulated price per share;

Through the writing of options on the shares;

A combination of any such methods of sale; and

Any other method permitted pursuant to applicable law.

According to the terms of the Equity Credit Agreement, neither Southridge nor any affiliate of Southridge acting on its behalf or pursuant to any understanding with it will execute any short sales during the term of this offering.

Southridge is an “underwriter” within the meaning of the Securities Act in connection with the sale of our common stock under the Equity Credit Agreement. For each share of common stock purchased under the Equity Purchase Agreement, Southridge will pay 94% of the lowest closing bid price of our common stock during the Valuation Period.

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We will pay expenses incident to the registration, offering and sale of the shares of our common stock to the public hereunder other than commissions, fees and discounts or underwriters, brokers, dealers and agents. If any of these other expense exists, we expect Southridge to pay these expenses. Southridge's obligations under the Equity Credit Agreement may not be assigned without our written consent and this resale registration statement does not cover sales by any assignee of Southridge. We have agreed to indemnify Southridge and its controlling persons against certain liabilities, including liabilities under the Securities Act. We estimate that the expenses of the offering to be borne by us will be approximately $40,000. We will not receive any proceeds from the resale of any of the shares of our common stock by Southridge. We may, however, receive proceeds from the sale of our common stock under the Equity Credit Agreement.

Equity Credit Agreement

In part, this prospectus relates to sales of our common stock to Southridge pursuant to the Equity Credit Agreement.

The shares of common stock owned, or which may be acquired by Southridge, may be offered and sold by Southridge from time to time as market conditions permit on the OTC.BB or otherwise at prices and terms then prevailing or at prices related to the then current market price, or in negotiated transactions. These shares may be sold by one or more of the following methods:

- a block trade in which a broker or dealer so engaged will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker or dealer as principal and resale by such broker or dealer for its account pursuant to this prospectus;
- ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- privately negotiated transactions between sellers and purchasers without a broker/dealer;
- a combination of any of the aforementioned methods of sale; or
- any other method permitted by applicable law.

When making sales, brokers or dealers engaged by Southridge may arrange for other brokers or dealers to participate. These brokers or dealers may receive commissions or discounts from Southridge in amounts to be negotiated.

Southridge will be deemed to be an "underwriter" and any broker/dealers who act in connection with the sale of the shares by Southridge may be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act of 1933, and any commissions received by them and profit on any resale of the shares as principal may be deemed to be underwriting discounts and commissions under the Securities Act.

We have advised Southridge that it will be deemed to be an underwriter, and any securities brokers/dealers or others who sell our shares on behalf of Southridge that they may be deemed to be statutory underwriters. We have also advised Southridge that in the event of a "distribution" of our shares, Southridge, any "affiliated purchasers," and any broker/dealer or other person who participates in such distribution are subject to Rule 102 under the Securities Exchange Act of 1934 (the "Exchange Act") until their participation in such distribution is completed. Rule 102 makes it unlawful for any person who is participating in a distribution to bid for or purchase stock of the same class as is the subject of the distribution. A "distribution" is defined in Rule 102 as an offering of securities "that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods." We have also advised Southridge that Rule 101 under the Exchange Act prohibits any "stabilizing bid" or "stabilizing purchase" for the purpose of pegging, fixing or stabilizing the price of the common stock in connection with the distribution of the shares.

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The shares of common stock that may be sold to Southridge have been registered with the Securities and Exchange Commission to enable Southridge to sell the common stock in the public market. However, we have no obligation to:

assist or cooperate with Southridge in the offering or disposition of shares purchased by it;
obtain a commitment from an underwriter relating to any sale of shares by Southridge; or
include the shares in any underwritten offering.

The Put Shares

We agreed to register for resale $10,000,000 of Put Shares that we will put to Southridge pursuant to the Equity Credit Agreement. In accordance with Rule 415(a)(1)(i), we are registering 46,162,280 Put Shares in this offering. The Equity Credit Agreement provides that Southridge is committed to purchase up to $10,000,000 of our common stock. We may draw on the facility from time to time, as and when we determine appropriate in accordance with the terms and conditions of the Equity Credit Agreement. We will not receive any proceeds from the sale of these shares of common stock offered by Southridge. However, we will receive proceeds from the sale of our Put Shares under the Equity Credit Agreement. The proceeds will be used for working capital or general corporate purposes.

Southridge is the potential purchaser of our common stock under the Equity Credit Agreement. The $10,000,000 of Put Shares offered in this prospectus is based on the Equity Credit Agreement between Southridge and us. Southridge may from time to time offer and sell any or all of the Put Shares that are registered under the prospectus. The put option price is 94% of the lowest Closing Price in the five year trading day period immediately following the Put Date.

We are unable to determine the exact number of shares that will actually be sold by Southridge according to this prospectus due to:

The ability of Southridge to determine when and whether it will sell any of the Put Shares under the prospectus; and
The uncertainty as to the number of Put Shares that will be issued upon exercise of our put options under the Equity Credit Agreement.

The following information contains a description of how Southridge shall acquire the shares to be sold in this offering. Southridge has not held a position or office, or had any other material relationship with us, except as follows:

Southridge is a limited partnership organized and existing under the laws of the state of Delaware. All investment decisions of, and control of, Southridge is held by its general partner Southridge Advisors, LLC. Stephen M. Hicks is the manager of Southridge Advisors, LLC, and he has voting and investment power over the shares beneficially owned by Southridge Partners II, LP. To the extent such shares are offered for sale through a Put Notice, Southridge will acquire all shares being registered in this offering in the financing transactions with us.

Southridge intends to sell up to $10,000,000 of shares of our common stock pursuant to the Equity Credit Agreement under the prospectus. On December 10, 2012, the Company and Southridge entered into the Equity Credit Agreement pursuant to which we have the opportunity, for a three-year commencing on the date of the Equity Credit Agreement (but not before the date which the SEC first declares effective this registration statement), to sell shares of our common stock. For each share of our common stock purchased under the Equity Credit Agreement, Southridge will pay 94% of the lowest Closing Price during the Valuation Period. As a condition for the execution of the Equity Credit Agreement, we issued Southridge a $50,000 promissory note (the “Southridge Note”) due May 31, 2013 to satisfy its fees under the Equity Credit Agreement. The Southridge Note is convertible into common stock at a 50% discount to the lowest closing bid as a commitment fee.

In addition, in the event the Closing Price decreases below the Floor Price during the Valuation Period, Southridge shall not be allowed to fund one-fifth (1/5) of the put amount on the Put Notice for each such trading day, and the put amount on the Put Notice shall be adjusted accordingly. In the event that during a Valuation period the Closing Price falls below the Floor Price for any two (2) trading days, then the balance of each party's rights and obligations to purchase and sell the investment amount under such Put Notice shall terminate on such second trading day, the put amount for each trading day during the Valuation Period prior to such termination date that the closing Closing Price equals or exceeds the Floor Price.

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We are relying on the exemption from the registration requirements of the Securities Act for the private placement of our securities under the Equity Credit Agreement pursuant to Section 4(2) of the Securities Act and/or Rule 506 of Regulation D promulgated thereunder. The transaction does not involve a public offering, Southridge is an “accredited investor” and/or qualified institutional buyer and Southridge has access to information about us and its investment.

There are substantial risks to investors as a result of the issuance of shares of our common stock under the Equity Credit Agreement. These risks include dilution of stockholders and significant decline in our stock price.

## DESCRIPTION OF SECURITIES

The following description of our securities and provisions of our articles of incorporation and bylaws is only a summary. You should refer to our articles of incorporation and by-laws, a copy of each has been filed as an exhibit to the registration statement of which this prospectus is a part. The following discussion is qualified in its entirety by reference to such exhibits.

### Authorized Capital Stock

The total number of authorized shares that we may issue is 200,000,000 shares of common stock with a par value of $0.00001 per share and 10,000,000 shares of Series B, C, D & E preferred stock with a par value of $0.001 per share. We have no other authorized classes of stock.

### Capital Stock Issued and Outstanding

As of February 15, 2013, 126,732,632 shares of common stock were issued and outstanding and held of record by approximately 150 shareholders.

### Description of Common Stock

The holders of common stock are entitled to one vote per share. Our Articles of Incorporation do not provide for cumulative voting. The holders of our common stock are entitled to receive ratably such dividends, if any, as may be declared by our board of directors out of legally available funds; however, the current policy of our board of directors is to retain earnings, if any, for operations and growth. Upon liquidation, dissolution or winding-up, the holders of our common stock are entitled to share ratably in all assets that are legally available for distribution. The holders of our common stock have no preemptive, subscription, redemption or conversion rights.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### Certain Relationships and Related Transactions

On April 5, 2011 the Company issued an annual grant of 85,000 restricted shares of the Company's common stock as compensation to Michael Francis, a non-management member of the Board of Directors for services. The fair market value of the grant issued is $34,850 based on the closing share price of the Company’s stock as of April 5, 2011, the date of his appointment. Payment will be made in restricted shares of the Company’s common stock, which have not been issued as of October 31, 2011. The Company recognized an expense of $19,942, for Directors’ Fees and increased Accrued Compensation accordingly. Mr. Francis resigned as a member of the Board of Directors effective October 31, 2011. The resignation was not the result of any disagreements with the Company.

On February 28, 2011, the Company received approval and registration from the EPA in response to the Company's regulatory application for its Ygiene® 206 formulation. In conjunction with the recent EPA approval and the verbal

agreement entered into, the Chief Scientific Officer earned 555,822 restricted shares of common stock on February 28, 2011. The value of the stock based compensation was $289,027 which was based on the closing price of the Company's common stock on February 28, 2011. The Company issued the shares on April 18, 2011. The Company recognized the expense as research and development and increased common stock and additional paid in capital accordingly.

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On January 14, 2011 the Company issued an annual grant of 85,000 restricted shares of the Company's common stock as compensation to Wayne Stratton, a non-management member of the Board of Directors for services. The fair market value of the grant issued is $34,000 based on the closing share price of the Company's stock as of January 14, 2011, the date of his appointment. Payment will be made in restricted shares of the Company's common stock, which have not been issued as of October 31, 2011. The Company recognized an expense of $27,088 for Directors' Fees and increased Accrued Compensation accordingly. Mr. Stratton resigned as a member of the Board of Directors effective October 31, 2011. The resignation was not the result of any disagreements with the Company.

Between January 1, 2009 and February 28, 2009, R.K. Associates ("R.K") provided environmental consulting services to us for whom we paid R.K. approximately $10,000 for consulting services and approximately $3,000 for expenses incurred by R.K. while providing those services. Our former director, Suresh Relwani, is the sole owner of R.K. In addition, on November 12, 2008, we entered into the R.K. Consultant Agreement pursuant to which R.K. agreed to provide us with environmental consulting services. The term of the R.K. Consultant Agreement expired on November 11, 2011, unless terminated earlier by either party. On January 29, 2009, we granted R.K. 500,000 shares of our common stock, valued at $500,000, for future consulting services under the R.K. Consultant Agreement, which amount is being amortized over three years. At October 31, 2012 and 2011, the balance of prepaid compensation was $0 and $5,431, respectively.

The Company issued unsecured promissory notes to Michael D. Francis, ("Francis") a shareholder and former member of the board of directors of the Company. On January 4, 2010, the Company issued (i) an unsecured promissory note in the amount of $250,000, a (ii) a second unsecured promissory note in the amount of $250,000, on March 15, 2010 of which $100,000 was drawn down by the Company on March 15, 2010 and $150,000 on April 1, 2010, (iii) a third secured promissory note in the amount of $100,000 on April 30, 2010 with an original issuance date of April 26, 2010, (v) a fourth unsecured promissory note in the amount of $25,000 on July 7, 2010, and (vi) a fifth unsecured promissory note in the amount of $75,000 on December 10, 2010 (all such notes issued to Mr. Francis are collectively referred to as the "Francis Notes"). On January 23, 2012 the Francis Notes were satisfied with an agreement for settlement and release arranged for pursuant to our "Agreement to Assign and Settle Notes" with Vinfluence.

The Company issued seven unsecured promissory notes to Capara Investments, ("Capara"). On November 13, 2009, the Company issued (i) an unsecured promissory note to Capara in the amount of $250,000, (ii) a second unsecured promissory note to Capara Investments on January 4, 2010 in the amount of $250,000, (iii) a third unsecured promissory note to Capara Investments on September 2, 2010 in the amount of $25,000, (iv) a fourth unsecured promissory note to Capara Investments on October 13, 2010 in the amount of $25,000, (v) a fifth unsecured promissory note to Capara Investments on June 1, 2011 in the amount of $50,000, a (vi) a sixth unsecured promissory note to Capara Investments on July 1, 2011 in the amount of $50,000, and a seventh unsecured promissory note to Capara Investments on October 24, 2011 in the amount of $5,000. The sole member of Capara Investments, Raj Pamani, is a former member of our Board and a shareholder of the Company (all such notes issued to Capara are collectively referred to as the "Capara Notes").

The Company issued an unsecured promissory note to Herbert Kozlov, ("Kozlov") a shareholder of the Company, on December 6, 2010, which issuance resulted in gross proceeds to the Company of $50,000 (all such notes issued to Kozlov are collectively referred to as the "Kozlov Notes"). The note went in default and the parties have mutually agreed to extend the maturity date to March 1, 2013.

The Francis Notes, Capara Notes and the Kozlov Notes are sometimes referred to herein as the "Shareholder Notes". The Shareholder Notes resulted in gross proceeds to the Company of $1,655,000.

Each of the Shareholders Notes bears an 8% annual interest rate, is due and payable in cash on the fifth anniversary of the date of issuance, and upon consummation of a "Qualified Financing" (as defined in each of the Shareholder Notes),

will automatically be exchanged for, at our election, either (i) securities on the same terms and conditions as those received by investors in such Qualified Financing based on an assumed exchange rate reflecting the pricing used in such financing or (ii) shares of our common stock equal to the quotient obtained by dividing (x) the then outstanding principal amount of the Shareholder Note by (y) the lower of (i) $0.69 and (ii) the Fair Market Value (as defined in the Shareholder Notes) of one share of our common stock as of the date of such exchange. On each three (3) month anniversary of the issuance of each Shareholder Note, all accrued and unpaid interest shall be added to the unpaid principal amount of such note. Each of the Shareholder Notes defines "Qualified Financing" as an investment in securities of the Company (including any financing that includes convertible indebtedness and/or warrants) occurring after the date of issuance of the Shareholder Note by an investor that is not an affiliate of our company in which we receive net proceeds greater than $500,000 (including any additional investment by the holder of the Shareholder Note or by the holder of any other 8% exchangeable promissory note) in the Qualified Financing. The secured promissory note in the principal amount of $100,000 issued by the Company to Mr. Francis on April 30, 2010, is secured by the Company's Intellectual Property (as defined in such promissory note).

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Accrued and unpaid interest is added to the unpaid principal amount of the Director Notes, Shareholder Notes and Unrelated Party Notes every three months. Interest expense on the Director Notes, Shareholder Notes and Unrelated Party Notes every for the year ended October 31, 2012 and 2011 was $66,079 and $151,771 respectively. During the years ended October 31, 2012 and 2011, $73,722 and $211,833 of accrued interest was added to the principal amount of the Francis Note, Kozlov Note and Capara Notes.

From time to time, one or more of our affiliates may form or hold an ownership interest in and/or manage other businesses both related and unrelated to the type of business that we own and operate. These persons expect to continue to form, hold an ownership interest in and/or manage additional other businesses which may compete with ours with respect to operations, including financing and marketing, management time and services and potential customers. These activities may give rise to conflicts between or among the interests of us and other businesses with which our affiliates are associated. Our affiliates are in no way prohibited from undertaking such activities, and neither we nor our shareholders will have any right to require participation in such other activities.

Further, because we intend to transact business with or affiliates have a material interest, potential conflicts may arise between the respective interests of us and these related persons or entities. We believe that such transactions will be effected on terms at least as favorable to us as those available from unrelated third parties.

We have not adopted policies and procedures to review, approve, or ratify transactions involving real or apparent conflicts of interest.

## EXPERTS

The consolidated financial statements of BioNeutral Group Inc. as of October 31, 2012 and 2011 and for the years then ended, appearing in this prospectus and registration statement have been audited by Marcum LLP, an independent registered public accounting firm, as set forth in their report which contains an explanatory paragraph relating to a substantial doubt about the ability of BioNeutral Group, Inc. to continue as a going concern as discussed in note 3 to the consolidated financial statements, appearing elsewhere herein and are included in reliance on such report given on the authority of such firm as experts in accounting and auditing.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To Audit Committee of the Board of Directors and
Stockholders of BioNeutral Group, Inc.

We have audited the accompanying consolidated balance sheets of BioNeutral Group, Inc. and Subsidiaries (the "Company") as of October 31, 2012 and 2011, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits include consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BioNeutral Group, Inc. and subsidiaries as of October 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 3, the Company has recurring losses, had a working capital deficiency of approximately $1.6 million and an accumulated deficit of approximately $55 million as of October 31, 2012. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plan regarding these matters is described in Note 3. The consolidated financial statements do not include adjustments that might result from the outcome of this uncertainty.

/s/ Marcum LLP
Marcum, LLP

New York, NY
January 29, 2013

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BIONEUTRAL GROUP, INC
CONSOLIDATED BALANCE SHEETS

ASSETS

| | October 31, 2012 | October 31, 2011 |
|---|---|---|
| Current Assets | | |
| Cash | $676 | $3,215 |
| Accounts Receivable - Net | 657 | 345 |
| Inventory | 3,342 | 4,418 |
| Prepaid Expenses-Related Parties | - | 5,431 |
| Total Current Assets | 4,675 | 13,409 |
| | | |
| Property and Equipment - Net | 569 | 781 |
| Intellectual Property - Net | 9,958,222 | 10,699,446 |
| Other Assets | 14,496 | 2,500 |
| | | |
| TOTAL ASSETS | $9,977,962 | $10,716,136 |
| | | |
| LIABILITIES AND STOCKOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts Payable and Accrued Expense | $975,479 | $1,657,947 |
| Current portion of Convertible Notes Payable | - | 102,500 |
| Current Portion of Convertible Loans from Stockholders | 416,695 | - |
| Accrued Compensation | 167,668 | 1,105,610 |
| Related Party Payables | 70,199 | 77,575 |
| Current Liabilities | 1,630,041 | 2,943,632 |
| | | |
| Long Term Liabilities | | |
| Convertible Loans From Unrelated Party | - | 210,241 |
| Convertible Loans From Stockholders | 788,370 | 1,855,593 |
| Total Long Term Liabilities | 788,370 | 2,065,834 |
| | | |
| TOTAL LIABILITIES | 2,418,411 | 5,009,466 |
| | | |
| Commitments and Contingencies | | |
| | | |
| Equity: | | |
| BioNeutral Group, Inc. Stockholders' Equity | | |
| Preferred Stock, $.001 par value; 10,000,000 shares authorized, with 684,600 designated as follows | | |
| Convertible Preferred Stock, Series B, $.001 par value; 213,500 shares authorized, 53,491 and 0 | | |
| issued and outstanding at October 31, 2012 and October 31, 2011, respectively. | | |
| Liquidation Preference $534,910 and $0 at October 31, 2012 and October 31, 2011, respectively. | 54 | - |
| Convertible Preferred Stock, Series C, $.001 par value; 100,000 shares authorized, 56,081 and 0 | | |

| | | |
|---|---|---|
| issued and outstanding at October 31, 2012 and October 31, 2011, respectively. | | |
| Liquidation Preference $560,810 and $0 at October 31, 2012 and October 31, 2011, respectively. | 56 | - |
| Convertible Preferred Stock, Series D, $.001 par value; 231,100 shares authorized, 136,051 issued and outstanding at October 31, 2012 and October 31, 2011, respectively. | | |
| Liquidation Preference $1,360,510 and $0 at October 31, 2012 and October 31, 2011, respectively. | 136 | - |
| Convertible Preferred Stock, Series E, $.001 par value; 140,000 shares authorized, 0 issued and 0 outstanding at October 31, 2012 and October 31, 2011, respectively. | | |
| Common Stock, $.00001 Par Value; 200,000,000 shares authorized, 125,356,184 and 79,579,092 issued and outstanding at October 31, 201 and October 31, 2011, respectively. | 1,253 | 795 |
| Additional Paid-in Capital | 63,990,912 | 57,958,512 |
| Due from Vinfluence | (1,526,673) | - |
| Shares issued to Board of Directors | (47,200) | - |
| Accumulated Deficit | (54,967,589) | (52,581,220) |
| Total BioNeutral Group, Inc. Stockholders' Equity | 7,450,949 | 5,378,087 |
| | | |
| Non controlling Interest | 108,543 | 328,524 |
| Preferred Stock, $.001 par value; 5,000,000 shares authorized, with 800,000 designated as follows | | |
| Convertible Preferred Stock, Series A, $.001 par value; 800,000 shares authorized, 59,484 and 59,484 shares issued and outstanding at October 31, 2012 and October 31, 2011 respectively. | | |
| Liquidation Preference $1,072,361 at October 31, 2012 and $1,509,810 at October 31, 2011 included in Non controlling interest | 59 | 59 |
| Total Non controlling Interest | 108,602 | 328,583 |
| | | |
| Total Equity | 7,559,551 | 5,706,670 |
| | | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $9,977,962 | $10,716,136 |

See Notes to Consolidated Financial Statements

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BIONEUTRAL GROUP, INC
CONSOLIDATED STATEMENTS OF OPERATIONS

| | For the Year Ended October 31, | |
|---|---|---|
| | 2012 | 2011 |
| Revenues | $ 4,588 | $ 53,579 |
| Cost of Revenues | 2,435 | 20,627 |
| Gross Profit | 2,153 | 32,952 |
| Operating Expenses | | |
| Depreciation and Amortization | 708,936 | 706,828 |
| Salaries and Wages | 476,817 | - |
| Consulting Expenses | 443,842 | 231,146 |
| Legal and Accounting Expenses | 283,812 | 548,309 |
| Other Selling, General and Administrative Expenses | 629,068 | 1,451,129 |
| Total Operating Expenses | 2,542,475 | 2,937,412 |
| Loss from Operations | (2,540,322) | (2,904,460) |
| Interest Expense | (66,028) | (156,261) |
| Net Loss Before Provision for Income Taxes | (2,606,350) | (3,060,721) |
| Provision for Income Taxes | - | - |
| Net Loss | (2,606,350) | (3,060,721) |
| Loss Attributable to Non-controlling Interest | 219,981 | 241,693 |
| Net Loss Attributable to BioNeutral Group, Inc. | $ (2,386,369) | $ (2,819,028) |
| Net Loss Per Common Share - Basic and Diluted | $ (.02) | $ (.04) |
| Weighted Average Number of Common Shares outstanding | | |
| Basic and Diluted | 113,401,418 | 77,649,466 |

See Notes to Consolidated Financial Statements

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BIONEUTRAL GROUP, INC
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

| | Preferred Stock Shares | Preferred Stock Amount | Common Stock Shares | Common Stock Amount | Additional Paid in Capital | Due from Vinfluence | Shares Issued to Board of Directors | Retained Earnings (Deficit) | BioNeutral Group, Inc Stockholde Equity |
|---|---|---|---|---|---|---|---|---|---|
| Balance, October 31, 2010 | - | - | 74,643,115 | $ 746 | $ 57,099,519 | | | $ (49,762,192) | $ 7,338,07 |
| Shares for cash | | | 1,810,116 | 18 | 342,482 | | | | 342,50 |
| Issuance of shares for professional services | | | 1,683,713 | 17 | 516,500 | | | | 516,51 |
| Preferred conversion at 10-1 | | | 242,690 | 2 | 23 | | | | 2 |
| Conversions to controlling interest | | | 1,199,458 | 12 | (12) | | | | |
| Net loss | | | | | | | | (2,819,028) | (2,819,02 |
| Balance, October 31, 2011 | - | - | 79,579,092 | 795 | 57,958,512 | - | - | (52,581,220) | 5,378,08 |
| | | | | | | | | | |
| Issuance of shares for professional services | | | 3,530,000 | 35 | 282,965 | | | | 283,00 |
| Issuance of shares for accrued compensation | | | 2,500,000 | 25 | 199,975 | | | | 200,00 |
| Preferred share issuances | 544,520 | $ 545 | | | 5,444,659 | | | | 5,445,20 |
| Preferred share conversions | (298,897) | (299) | 37,362,125 | 374 | (75) | | | | |
| Due from Vinfluence | | | | | | $ (1,526,673) | | | (1,526,67 |
| Promissory note conversions | | | 2,384,967 | 24 | 104,876 | | | | 104,90 |
| Shares issued to board members | | | | | | | $ (47,200) | | (47,20 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Net loss | | | | | | | | (2,386,369) | (2,386,36 |
| Balance, October 31, 2012 | 245,623 | $ 246 | 125,356,184 | $ 1,253 | $ 63,990,912 | $ (1,526,673) | $ (47,200) | $ (54,967,589) | $ 7,450,94 |

See Notes to Consolidated Financial Statements

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BIONEUTRAL GROUP, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | For the Year Ended October 31, 2012 | 2011 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Loss | $ (2,606,350) | $ (3,060,721) |
| Adjustments to Reconcile Net Loss To Net Cash Used in Operating Activities | | |
| Stock Based Compensation | 5,431 | 166,671 |
| Depreciation and Amortization | 708,936 | 706,828 |
| Issuance of Stock Related to Professional Services | 235,800 | 516,517 |
| Interest Added to Promissory Notes | 73,724 | 140,188 |
| Provision for Bad Debts | - | 49,716 |
| Changes in Operating Assets and Liabilities | | |
| Accounts receivable | (312) | (50,061) |
| Inventory | 1,076 | (4,418) |
| Prepaid Expenses | - | 5,236 |
| Other Assets | (11,996) | - |
| Accounts Payable and Accrued Expenses | 242,028 | 641,806 |
| Related Party Payables | (7,376) | 7,058 |
| | | |
| NET CASH USED IN OPERATING ACTIVITIES | (1,359,039) | (881,180) |
| | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net Proceeds From Issuance of Preferred and Common Stock | 1,000,000 | 342,500 |
| Proceeds from Convertible Promissory Notes | 356,500 | 482,500 |
| | | |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 1,356,500 | 825,000 |
| | | |
| NET DECREASE IN CASH | (2,539) | (56,180) |
| | | |
| CASH, BEGINNING OF YEAR | 3,215 | 59,395 |
| | | |
| CASH, END OF YEAR | $ 676 | $ 3,215 |
| | | |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid for Interest | $ - | $ - |
| Cash paid for Income Taxes | $ - | $ - |
| | | |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION | | |
| Non-cash settlements of Promissory Note | $ 1,288,592 | $ - |
| Non-cash settlements of Accounts Payable and Accrued Expenses | $ 1,629,938 | $ - |
| Non-cash Intellectual Property Cost (Accrual Reversal) Additions | $ 32,500 | $ 115,408 |
| Non-cash conversion of promissory note to common stock | 104,900 | - |
| Shares issued to Board of Directors | 47,200 | - |
| Preferred Shares Issued to Vinfluence in Settlement of Debt and Notes | $ 1,526,673 | $ - |

See Notes to Consolidated Financial Statements

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BioNeutral Group, Inc.

Notes to the Consolidated Financial Statements

Note 1 - Nature of Business and Organization

BioNeutral Group, Inc (the "Company") is a specialty chemical company seeking to develop and commercialize a novel combinational chemistry-based technology which it believes in certain circumstances may neutralize harmful environmental contaminants, toxins and dangerous micro-organisms, including bacteria, viruses and spores. The Company's business operations are conducted through BioNeutral Laboratories Corporation USA, a corporation organized in Delaware in 2003 ("BioLabs").

On January 30, 2009, the Company, formerly called Moonshine Creations Inc. ("Moonshine"), entered into a share exchange agreement (the "Share Exchange Agreement") with BioLabs pursuant to which the Company agreed to issue to the shareholders of BioLabs 44,861,023 shares of its common stock (the "Share Exchange").

Since the owners and management of BioLabs possessed voting and operating control of the combined company after the Share Exchange, the transaction constituted a reverse acquisition for accounting purposes, as contemplated by FASB ASC 805-40 and corresponding ASC 805-10-55-10, 12 and 13. Under this accounting, the entity that issues shares (Moonshine – the legal acquirer) is identified as the acquiree for accounting purposes. The entity whose shares are acquired (BioLabs) is the accounting acquirer.

In addition, Moonshine was characterized as a non-operating public shell company, pursuant to SEC reporting rules. The SEC staff considers a reverse-acquisition with a public shell to be a capital transaction, in substance, rather than a business combination. The transaction is effectively a reverse recapitalization, equivalent to the issuance of stock by the private company (BioLabs) for the net monetary assets of the shell corporation (Moonshine) accompanied by a recapitalization. The accounting is similar to that resulting from a reverse acquisition, except that the transaction was consummated at book value and no goodwill or intangible assets were recognized.

For SEC reporting purposes, BioLabs is treated as the continuing reporting entity that acquired the Company (the historic shell registrant). All reports filed after the transaction have been prepared as if BioLabs (accounting acquirer) were the legal successor to Moonshine's reporting obligation as of the date of the acquisition. Therefore, these financial statements and all such statements filed subsequent to the transaction reflect the historical financial condition, results of operations and cash flows of BioLabs, for all periods presented.

Moonshine changed its name to BioNeutral Group, Inc. in the month prior to the exchange, to facilitate the Share Exchange. References to "Moonshine" in this description of the accounting treatment is included to add clarity to the separation of the independent entities involved in the Share Exchange, prior to such exchange.

Approximately 8% of BioLabs shareholders have not participated in the exchange of their shares of common stock of BioLabs for shares of common stock of Moonshine. Those shareholders are recognized as a Non-Controlling interest in the Company's consolidated financial statements in accordance with FASB ACS 805-40-25-2. However, the shares representing ownership of the Company reflect the combined entity after the Share Exchange transaction, while BioLabs shares represent ownership of only that legal entity.

In connection with the reverse acquisition and recapitalization, all share and per share amounts of BioLabs were retroactively adjusted to reflect the legal capital structure of Moonshine pursuant to FASB ASC 805-40-45-1.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying financial statements include the accounts of the Company and its wholly owned and majority-owned subsidiaries. All significant intercompany transactions and balances were eliminated.

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Revenue recognition

The revenue recorded is presented net of sales and other taxes we collect on behalf of governmental authorities and includes shipping and handling costs, which generally are included in the list price to the customer. Our policy is to recognize revenue in accordance with SEC Staff Accounting Bulletin No. 104 based on when (i) persuasive evidence of an arrangement exists, (ii) delivery or performance has occurred, (iii) the fee is fixed or determinable, and (iv) collectability of the sale is reasonably assured, which is normally the date the product is shipped.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount the Company expects to collect. The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of trade accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. Accounts receivable are presented net of an allowance for doubtful accounts of $44,672 and $49,716 at October 31, 2012, and 2011, respectively.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. For financial statement purposes, investments in money market funds are considered a cash equivalent and are included in cash and cash equivalents. The Company maintains it cash and cash equivalents at high credit quality institutions, with balances, at times, in excess of federally insured limits. As of October 31, 2012, the Company did not exceed the federally insured limits. Management believed that the financial institution that holds our deposits is financially sound and therefore poses minimal credit risk. At October 31, 2012 and 2011, the Company did not hold any cash equivalents.

Inventory

Inventories are stated at the lower of cost or market determined by the first-in, first-out method. In the normal course of business, when a customer places an order, the Company will place an order for manufacturing with its contract manufacturer. Inventory consists primarily of finished goods. Once completed, the contract manufacturer will ship directly to the customer. As such, the Company does not currently store inventoried product at any location. In addition, the Company does not have significant sales. If sales were to increase in the future, the Company may decide that the best course of action would be to carry inventory.

Non-Controlling Interest

A Non-Controlling Interest ("non-controlling interest") was created as a result of the Company's reorganization and recapitalization with a public shell corporation. The non-controlling interest arose because the Company's records indicated that initially 14% of the shareholders of the accounting acquirer in the transaction, BioLabs, did not participate in the exchange of their shares of common stock of BioLabs for shares of common stock of the Company. In all material respects, the shares of the Company and the shares of the common stock of BioLabs included in the non-controlling interest represent different legal instruments conveying mirror ownership claims to the same underlying net assets and operations, as reflected in these consolidated financial statements.

Long-Lived Assets

Long-lived assets, such as property and equipment and definite-life intangible assets are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable in

accordance with FASB ASC 360-10-35-17 thru 35-35 “Measurement of an Impairment Loss.” The Company assesses the impairment of the assets based on the undiscounted future cash flow the assets are expected to generate compared to the carrying value of the assets. If the carrying amount of the assets is determined not to be recoverable, a write-down to fair value is recorded. Management estimates future cash flows using assumptions about expected future operating performance. Management’s estimates of future cash flows may differ from actual cash flow due to, among other things, technological changes, economic conditions or changes to the Company’s business operations.

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Intangible Assets

The cost of intangible assets with determinable useful lives is amortized to reflect the pattern of economic benefits consumed, either on a straight-line or accelerated basis over the estimated periods benefited. Intellectual Property is generally amortized over their respective legal or contractual lives. When certain events or changes in operating conditions occur, an impairment assessment is performed and lives of intangible assets with determinable lives may be adjusted. The Company continually evaluates the reasonableness of the useful lives of these assets. Once these assets are fully amortized, they are removed from the Consolidated Balance Sheets. During its annual impairment testing of its intellectual property, the Company did not identify an impairment loss.

Property and Equipment

Property and equipment is and is recorded at cost less accumulated depreciation. Depreciation and amortization is calculated using the straight-line method over the expected useful life of the asset, after the asset is placed in service. The Company generally uses the following depreciable lives for its major classifications of property and equipment:

| Description | Useful Lives |
|---|---|
| Furniture and Fixture | 7 years |
| Computer hardware | 3 years |

Ordinary maintenance and repair expenses are charged to operations when incurred.

Use of Estimates

The preparation of the financial statements in conformity with Accounting Principles generally accepted in The United States of America 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. These estimates and assumptions include valuing equity securities, share based payment arrangements, deferred taxes and related valuation allowances and assumptions used in impairment analysis. Certain of our estimates, could be affected by external conditions, including those unique to our industry, and general economic conditions. It is possible that these external factors could have an effect on our estimates that could cause actual results to differ from our estimates. The Company re-evaluates all of its accounting estimates at least quarterly based on these conditions and records adjustments when necessary.

Advertising expenses

The Company expenses all advertising costs as incurred. Advertising expense was immaterial for the years ended October 31, 2012 and 2011, respectively.

Research and Development

In accordance with ASC Topic 730 research and development costs are expensed as incurred. Research and development expenses consist of purchased technology (including but not limited to intellectual property), purchased research and development rights and outside services for research and development activities associated with product development. Research and Development expense were $237,031 and $630,768 for the years ended October 31, 2012 and 2011, respectively.

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Income Taxes

The Company uses the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, "Income Taxes." Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized.

ASC Topic 740-10-30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740-10-40 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company will classify as income tax expense any interest and penalties. The tax years ending 2007, 2008, 2009, 2010, 2011 and 2012 are still open for review by the various tax jurisdictions. The state jurisdiction the Company is required to file in is New Jersey. The Company has no material uncertain tax positions for any of the reporting periods presented.

Fair Value Measurements

The Company adopted the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures", which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

The estimated fair value of certain financial instruments, including cash and cash equivalents, accounts receivable, 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. The carrying amounts of our long term credit obligations approximate fair value because the effective yields on these obligations are comparable to rates of returns for instruments of similar credit risk.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

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

Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 — inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

Stock-Based Compensation

The Company recognizes compensation expense for stock-based compensation in accordance with ASC Topic 718. For employee stock-based awards, the Company calculates the fair value of the award on the date of grant using the

Black-Scholes method for stock options and the quoted price of its common stock for unrestricted shares; the expense is recognized over the service period for awards expected to vest. For non-employee stock-based awards, the Company calculates the fair value of the award on the date of grant in the same manner as employee awards, however, the awards are revalued at the end of each reporting period and the pro rata compensation expense is adjusted accordingly until such time as the nonemployee award is fully vested, at which time the total compensation recognized to date equals the fair value of the stock-based award as calculated on the measurement date, which is the date at which the award recipient's performance is complete. The estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from original estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised. The Company considers many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience.

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Convertible Instruments

The Company evaluates and accounts for conversion options embedded in convertible instruments in accordance with ASC 815 “Derivatives and Hedging Activities.”

Applicable GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

Net income (loss) per share

The Company utilizes FASB ASC 260, Earnings per Share, to calculate net income or loss per share. Basic income or loss per share is computed by dividing the income or loss available to common stockholders (as the numerator) by the weighted-average number of shares of common stock outstanding (as the denominator). Diluted income or loss per share is computed similar to basic income or loss per share except that the denominator is increased to include the number of additional shares of common stock that would have been outstanding if all potential common stock (including common stock equivalents) had all been issued, and if such additional shares of common stock were dilutive. Under FASB ASC 260, if the additional shares of common stock are not dilutive, they are not added to the denominator in the calculation. Where there is a loss, the inclusion of additional shares of common stock is anti-dilutive (since the increased number of shares reduces the per share loss available to common stock holders). The Company incurred a net loss for the years ended October 31, 2012 and 2011 therefore, common stock equivalents have been excluded from the calculation of diluted loss per share, since they would be aniti-dilutive.

The following table outlines the common stock equivalents outstanding as of October 31, 2012 and October 31, 2011.

| | 10/31/2012 | 10/31/2011 |
|---|---|---|
| Convertible Series A Preferred Stock – Non Controlling Interest | 594,930 | 594,930 |
| Convertible Series B Preferred Stock | 6,686,375 | - |
| Convertible Series C Preferred Stock | 7,010,125 | - |
| Convertible Series D Preferred Stock | 17,006,375 | - |
| Stock Options | 6,142,809 | - |
| Convertible Loans | 13,347,354 | 16,018,272 |
| | 50,787,968 | 16,613,202 |

The Convertible Series A Preferred shares are currently held by the Non-Controlling interests until such time as they are converted into the Company’s common shares.

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Segment Information

Accounting Standards Codification subtopic 280-10, Segment Reporting (“ASC 280-10”) establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. ASC 280-10 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions how to allocate resources and assess performance. The information disclosed therein materially represents all of the financial information related the Company’s principal operating segments.

The Company with its limited resources is currently operating in one segment and reporting unit. As it matures it will look to organize the Company into various reporting units as it starts to develop and ascertain its markets and avenues of distribution and product offerings. Therefore, it anticipates in the future it may be operating in multiple reporting units.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications have no effect on previously reported loss.

Recent Accounting Pronouncements

In May 2011, FASB issued ASU No. 2011-04, Fair Value Measurements (ASC Topic 820). This ASU provides additional guidance on fair value disclosures. This guidance contains certain updates to the measurement guidance as well as enhanced disclosure requirements. The most significant change in disclosures is an expansion of the information required for “Level 3” measurements including enhanced disclosure for: (1) the valuation processes used by the reporting entity; and (2) the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs, if any. This guidance is effective for interim and annual periods beginning on or after December 15, 2011, with early adoption prohibited. Other than requiring additional disclosures on the Company’s “Level 3” disclosures, the adoption of this new guidance did not have a material impact on the Company’s consolidated results of operations and financial position.

In July 2012, the FASB issued ASU 2012-02, “Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment." This ASU simplifies how entities test indefinite-lived intangible assets for impairment which improve consistency in impairment testing requirements among long-lived asset categories. These amended standards permit an assessment of qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value. For assets in which this assessment concludes it is more likely than not that the fair value is more than its carrying value, these amended standards eliminate the requirement to perform quantitative impairment testing as outlined in the previously issued standards. The guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company’s consolidated financial position and results of operations.

Note 3 – Going Concern

The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company has had no significant revenues and has generated losses from operations. In order to continue as a going concern and achieve a profitable level of operations, the Company will need, among other things, additional capital resources and to develop a consistent source of revenues. The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish its strategic plan and/or recognize revenue from its intangible assets and eventually attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. There can be no assurance the Company will be able to continue as a going concern.

We are not currently generating significant revenues and rely on raising new capital to fund our ongoing operations and development of our strategic business objectives. We have been able to use proceeds from the sale of our shares of common stock to fund a substantial balance of our operating costs. On December 12, 2012 we issued a convertible promissory note to JMJ financial in the amount of $250,000 of which we received an initial $60,000 payment. We expect to receive similar payments from JMJ under the note at various intervals during the calendar year 2013.

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On October 18, 2012, the Board of Directors of the Company approved a stock compensation plan for professionals and consultants. The Plan was approved by the Board, on November 7, 2012 and the Company filed with the Securities and Exchange Commission a registration statement on Form S-8 for issuance of up to ten (10) million shares pursuant to the stock compensation plan. We plan to fund a portion of our expenses by issuing shares of our S-8 common stock to consultants and professionals.

On December 11, 2012, the Company entered into an Equity Credit Agreement ("Equity Line of Credit") with Southridge Partners II, LP for an equity line of up to $10,000,000. Pursuant to the Equity Credit Agreement, the Company has the right, at its discretion, to sell to Southridge up to $10 million of its common stock from time to time over a 36-month period. The Company will have the right, but is not obligated, to sell stock to Southridge depending on certain conditions as set forth in the Agreement. We plan to submit a registration statement to the SEC and we plan to begin utilizing the Equity Line of Credit upon approval by the SEC.

The Company believes that we will be able to generate significant sales by the fourth quarter of 2013 providing for sufficient cash flows to supplement our equity financing based on its current plans. If we are able to execute our plan, the Company can begin to accumulate cash reserves. There is no assurance however that our funds will be sufficient to meet our anticipated needs through our fiscal year 2013, and we may need to raise additional capital during fiscal 2013 to fund the full costs associated with our growth and development. There can be no assurances that we will be successful in raising additional capital on favorable terms if at all. If the Company is unable to secure additional capital, it may be required to curtail its business development initiatives, impair its intellectual property and take additional measures to reduce cost in order to conserve cash.

At October 31, 2012, the Company had negative working capital of $1,630,041. For the year ended October 31, 2012 the Company incurred an operating loss of $(2,606,350) and since inception has accumulated a deficit of $(54,967,589).

The Company had $676 of cash at October 31, 2012. Cash used by operations for fiscal 2012 was $1,359,039. The principal use of funds were for consulting services supporting the development of our business plan, legal, and accounting fees in connection with being a public company and daily operations of the business, including rent and travel and laboratory costs.

In fiscal 2012, the Company raised $1,000,000 of cash from the issuance of our capital stock to fund operations and received $356,500 from the issuance of convertible debentures.

These conditions raise substantial doubt about the ability of the Company to continue as a going concern.

Note 4 - Prepaid Expenses

The Company periodically pays for services supporting its business operations with shares of its common stock. When these services are provided by related parties (i.e. non-employees) and performance extends over more than the current reporting period, a prepaid asset is established at the agreement date for the value of shares issued. The prepaid asset is established in the same period and manner as if cash were paid for the underlying goods or services, pursuant to FASB ASC 505-50-25-4 and 25-6.

Amounts are expensed on a straight line basis (and the prepaid asset reduced) over the periods the services are provided. The prepaid expense balance includes $0 and $5,431 at October 31, 2012 and October 31, 2011 respectively for share based payments to non-employees for services. The share based payment is being amortized over a three year period, starting in January 2009. For the years ended October 31, 2012 and 2011, the Company recognized expense of $5,431 and $166,671, respectively related to this share based payment which is recorded in "Consulting

Expenses." See Note 8 for a complete discussion of the share valuation and accounting for share based payments to non-employees in exchange for services and a detailed listing of the transaction amounts.

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Note 5 - Property & Equipment

Property and equipment consisted of the following:

| | 10/31/2012 | 10/31/2011 |
|---|---|---|
| Computer Hardware | $ 4,233 | $ 4,233 |
| Furniture and Fixtures | 1,494 | 1,494 |
| Less: Accumulated depreciation & amortization | (5,158) | (4,946) |
| | $ 569 | $ 781 |

Depreciation expense incurred during the years ended October 31, 2012 and 2011 amounted to $212 and $212, respectively.

Note 6 – Intellectual Property

The Company has several patent applications pending regarding proprietary chemical formulations that the Company believes are capable of neutralizing noxious chemicals and eliminating harmful microbes. The Company capitalized the costs of acquired technology, know-how and trade secrets and identifiable costs incurred to develop file and defend the Company's Intellectual Property and new patent or provisional patent applications (collectively "Intellectual Property") in accordance with FASB ASC 350. Periodic gross carrying amounts and related accumulated amortization were as follows:

| | 10/31/2012 | 10/31/2011 |
|---|---|---|
| Gross Carrying Amount | $ 15,256,688 | $ 15,289,188 |
| Accumulated Amortization | (5,298,466) | (4,589,742) |
| Net Carrying Amount | $ 9,958,222 | $ 10,699,446 |

The Company follows FASB ASC 350-30-35 and amortizes the costs of its Intellectual Property over the shorter of its specific useful life, or 20 years. The Company is amortizing its Intellectual Property over 20 years, with no anticipated residual value. Amortization expense for the years ended October 31, 2012 and 2011 was $708,724 and $706,616, respectively.

Estimated amortization expense is as follows

| | |
|---|---|
| 10/31/2013 | $ 708,723 |
| 10/31/2014 | $ 708,723 |
| 10/31/2015 | $ 708,723 |
| 10/31/2016 | $ 708,723 |
| 10/31/2017 | $ 708,723 |

On February 28, 2011, the Company received approval and registration from the Environmental Protection Agency ("EPA") in response to the Company's regulatory application for its Ygiene® 206 formulation. The Company has secured 32 state approvals to market and distribute Ygiene® 206. These approvals are primarily in states east of the Mississippi River. The Company is pursuing approvals in the remaining 18 states as needed.

Note 7 - Related Party Payables

The Company recorded interest on promissory notes entered into with former members of the Board of Directors who resigned their positions with the Company on January 29, 2009. For the years ended October 31, 2012 and 2011, the

Company recorded interest of $2,072 and $2,072, respectively related to these notes.

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Note 8 - Stock Based Compensation

The Company issues shares of its common stock to employees and non-employees as compensation for services provided. Stock based compensation related to employees is accounted for in accordance with FASB ASC 718-10 and ASC 505-50 for non-employees. All shares, except those listed below, issued during fiscal years 2012 and 2011 were fully vested upon grant of the shares or no later than the respective year end dates.

Employees and Board Members

Measurement of compensation cost related to shares of common stock issued to employees is based on the grant date fair value of the shares. Fair value was determined through the use of quoted prices in the trading market for the Company's shares (OTCBB) or arms-length exchanges of shares for cash in private transactions, in periods that quoted market prices were not available.

On November 21, 2011, the Company issued 2,500,000 shares of common stock to Andrew Kielbania, the Company's Chief Scientific Officer as compensation for assisting the Company for developing the Company's products. The shares were valued at $.08 per share reflective of the value for the Company's common stock established by the Vinfluence transactions. The transaction was recorded as $200,000 to Research and Development Expense for the year ended October 31, 2011.

The Company issued 500,000 shares each, respectively, to Frank Battafarano and Ronald Del Mauro on November 21, 2011 pursuant to their agreements to participate as members of the Company's board of directors. The shares for services were valued at $.08 per share reflective of the value for the Company's common stock established by the Vinfluence transactions for an initial total cost to the Company of $80,000. Subsequently, Mr.Battafarano and Mr. Del Mauro resigned prior to the end of their terms, and the Company is in the process of canceling the original certificates and reissuing the shares in amounts of 160,000 and 200,000, respectively which resulted in a reduction of the total cost of these agreements of $47,200 for the year ended October 31, 2012

On February 28, 2011, the Company received approval and registration from the EPA in response to the Company's regulatory application for its Ygiene® 206 formulation. In conjunction with the recent EPA approval and the verbal agreement entered into, the Chief Scientific Officer earned 555,822 restricted shares of common stock on February 28, 2011. The value of the stock based compensation was $289,027 which was based on the closing price of the Company's common stock on February 28, 2011. The Company issued the shares on April 18, 2011. The Company recognized the expense as research and development and increased common stock and additional paid in capital accordingly.

Note 9 - Stockholders' Equity (and Non-Controlling Interest)

Common Stock

During the years ended October 31, 2012 and 2011, the Company issued 0 and 1,810,116 shares of the Company's common stock for gross proceeds of $0 and $342,500, respectively, in private placement transactions.

During the years ended October 31, 2012 and 2011, the Company issued an aggregate of 3,530,000 and 1,683,713 shares of common stock to non-employees and board members for professional services having a value of $283,000 and $516,517, respectively. The shares for services were valued and issued at the prevailing quotation prices for the Company's stock at the time of issuance.

On October 31, 2011, the Company awarded Mr. Kielbania 2,500,000 shares of the Company's common stock for services rendered in the scientific advancement of the Company's products. The shares for services were valued at $.08 per share reflective of the value for the Company's common stock established by the Vinfluence transactions which resulted in research and development expense of $200,000 in the year ended October 31, 2012.

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During the year ended October 31, 2012, the Company received conversion notices for two unsecured promissory notes issued to Asher Enterprises on August 18, 2011 and September 15, 2011 in the amounts of $60,000 and $42,500, respectively, which issuances resulted in gross proceeds to the Company of $102,500. The Company issued 2,384,967 shares of common stock to Asher for settlement of the gross proceeds of $104,900 which includes accrued interest of $2,400 at an annual interest rate of 8%.

During the years ended October 31, 2012 and 2011 and in connection with the Share Exchange (as defined below), various non-controlling interests exchanged 0 and 1,199,458 shares of BioLabs common stock for the same number of shares of the Company common stock.

On October 18, 2012, the Board of Directors of the Company approved a stock compensation plan for professionals and consultants. Pursuant the approval of the plan, on November 7, 2012, the Company filed with the Securities and Exchange Commission a registration statement for issuance of up to ten (10) million shares pursuant to the stock compensation plan.

Preferred Stock

On October 31, 2011, the Board of Directors of the Company approved the designation of the following Series of Preferred Stock:

1. Two hundred thirteen thousand five hundred (213,500) shares of Series B Preferred Stock. Each share of Series B Preferred Stock is convertible into 125 shares of the Company's common stock. The basis for the shares is $.08 per share based on the conversion formula of 125 shares of common stock per share of Series B Preferred Stock with a stated value of $10.00 per share.

2. One hundred thousand (100,000) shares of Series C Preferred Stock. Each share of Series C Preferred Stock is convertible into 125 shares of the Company's common stock. The basis for the shares is $.08 per share based on the conversion formula of 125 shares of common stock per share of Series B Preferred Stock with a stated value of $10.00 per share.

3. Two hundred thirty one thousand one hundred (231,100) shares of Series D Preferred Stock. Each share of Series D Preferred Stock is convertible into 125 shares of the Company's common stock. The basis for the shares is $.08 per share based on the conversion formula of 125 shares of common stock per share of Series B Preferred Stock with a stated value of $10.00 per share.

4. One hundred forty thousand (140,000) shares of Series E Preferred Stock. Each share of Series E Preferred Stock is convertible into the Company's common stock at a conversion price equal to seventy five percent (75%) of the average closing bid price of the Company's common stock, based on the prior 10-day closing price, subject to a floor of $0.08 per share.

In November 2011, the Company initiated a plan to restructure most aspects of management and operations. Pursuant to the plan the Company retained new management and board of director’s representatives with experience in acute care hospitals, long-term health care and consumer oriented hygiene products. In addition, on November 2, 2011 the Company entered into definitive financing and strategic distribution agreements with Vinfluence Pty Ltd ("Vinfluence"), New South Wales, Australia. The agreements provide for the assumption of, and indemnification for, $2,374,932 of accounts payable and accrued compensation and the assumption of, and indemnification for, $2,070,271 of convertible loans and $2,400,000 of equity capital. In exchange for cash and future royalties, the Company has also signed a 10-year licensing and distribution agreement with Vinfluence for exclusive manufacturing and distribution in Asia and non-exclusive manufacturing and distribution rights in Europe and sales to the US

Military.

In connection with the Vinfluence Agreements, on November 7, 2011, the Company issued 213,491 shares of Series B Preferred Stock to Vinfluence in exchange for their purchase and assumption of $2,134,914 of accounts payable and certain convertible notes payable. In addition, on November 7, 2011, the Company issued 231,029 shares of Series D Preferred Stock to Vinfluence in exchange for their purchase and assumption of $2,310,289 of certain accounts payable, accrued compensation and convertible notes payable. At October 31, 2012, the Company has received confirmed settlements and releases from debt holders of debt associated with Series B Preferred Stock and Series D Preferred Stock of $1,384,876 and $1,533,654, respectively. Currently, the debt remaining to be settled and released associated with the Series B Preferred Stock was $750,038, and $776,635 associated with the Series D Preferred Stock or an aggregate debt to be settled and released by debt holders of $1,526,673. Pursuant to our settlement negotiations, we have an agreement in principle with Vinfluence by which they agree to return the shares issued for the debts that are not settled. Vinfluence has not fulfilled the terms of the Vinfluence Agreement in connection with the Series E Preferred Stock, and consequently no shares have been issued.

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During the year ended October 31, 2012, the Company received conversion notices from Vinfluence in aggregate for 298,897 shares of Series B Preferred Stock and Series D Preferred Stock which are convertible into 125 shares of common stock for each share of the Preferred Stock. In satisfaction of the conversion notices, the Company issued 37,362,125 shares of common stock to Vinfluence.

During the year ended October 31, 2012, the Company issued 100,000 shares of the Company's Series C Preferred Stock for gross proceeds of $1,000,000 to Vinfluence.

Included in stockholder's equity is Series A Preferred Stock that is convertible into common stock of BioLabs at a rate of 10 shares of common stock for each share of preferred stock.

BioLabs is authorized to issue 5,000,000 shares of preferred stock, $0.001 par value, of which 800,000 shares are designated as Convertible Series A Preferred Stock. The BioLabs' Certificate of Incorporation authorizes the Board of Directors to determine the preferences, limitations and relative rights of any class or series of preferred stock prior to issuance. Each such class or series must be given distinguishable designated rights prior to issuance. As of October 31, 2012 and October 31, 2011, 59,484 and 59,484 shares of the Company's Series A Preferred Stock were issued and outstanding, respectively.

Through the date of this report, the rights and preferences of the outstanding preferred stock are identified below:

Convertible Series A Preferred Stock:

1. 800,000 Authorized shares.
2. Holders of shares of Series A Preferred Stock have the right to vote and shall be entitled to the number of votes equal to the largest number of full shares of Common Stock into which such shares of Series A Preferred could be converted.
3. Each share of Convertible Series A Preferred Stock is convertible into 10 shares of common stock of BioNeutral Laboratories Corp, which can be exchanged on a 1 for 1 basis with BioNeutral Group, Inc.'s common stock.
4. Liquidation preference equal to 250% of the stated value of $7.21 of the shares.
5. No dividends are issuable to any shareholders who rank junior to the preferred shares.
6. Upon an initial public offering or if a significant trading market develops and other parameters occur in relation to the Company's common stock, each preferred share shall be mandatorily converted into 10 shares of common stock.
7. Par value of $0.001.

Convertible Series B,C,D Preferred Stock:

1. Authorized shares of 213,491, 100,000 and 231,029 of Series B, C and D, respectively.
2. Non-voting.
3. Each share of Convertible Series B, C, D Preferred Stock is convertible into 125 shares of common stock of BioNeutral Group, Inc.
4. Liquidation preference equal to the number of shares issued at the stated value of $10.00 per share.
5. No dividends are issuable.
7. Par value of $0.001.

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During fiscal year ended October 31, 2010 the Company exchanged shares with several of the BioLabs preferred and common stockholders, all of whom exchanged their shares at a ratio of 1 share of preferred stock for 10 shares of common stock and 1 to 1 common exchange, except for four preferred stockholders and common stockholders of BioLabs who were issued an aggregate of 3,598,800 shares of common stock. These four shareholders exchanged their shares at a ratio of 200 shares of common stock for 1 share of preferred stock and a 1 to 1 common share exchange. Although all of the exchanged shares are reflected in the financial statements as issued and outstanding, the issuance of shares to the four holders who exchanged at the higher exchange ratio is subject to dispute. As a result of the above transaction, the Company is disputing the issuance of 2,634,730 shares of common stock. A resolution of this dispute is currently being pursued by the Company. However the exact nature and effect of such a resolution on the financial statements of the Company is not currently known. In this regard, a prospective resolution could ultimately produce various financial statement effects including, but not limited to a reduction in the Company's issued and outstanding common stock and an increase to earnings per share or no effect at all.

During the years ended October 31, 2012 and 2011, various holders of our preferred shares exchanged 0 and 24,269, respectively, of Series A Preferred shares into 0 and 242,690 shares of common stock at the rate of 10 common shares to one preferred share, in accordance with the term of our preferred share agreement, dated December 12, 2006.

Non-Controlling Interest

In connection with the reverse acquisition disclosed in Note 1, initially approximately 14% of BioLabs' common shareholders did not participate in the exchange of their shares of BioLabs common stock for shares of common stock of the Company. Those shareholders are recognized as a non-controlling interest in the Company's consolidated financial statements in accordance with FASB ACS 805-40-25-2. The assets, liabilities and operations underlying the shares of BioLabs and the Company are identical. However, the shares representing ownership of the Company reflect the combined entity after the Share Exchange transaction, while BioLabs shares included in the non-controlling interest held by the non-controlling interest represent ownership of that legal entity.

| | | |
|---|---|---|
| Non-Controlling Interest at October 31, 2010 | $ | 570,301 |
| Non-Controlling Interest Converted | $ | (25) |
| Non-Controlling interest Share of Net Loss for the Year ended October 31, 2011 | $ | (241,693) |
| Non-Controlling Interest at October 31, 2011 | $ | 328,583 |
| Non-Controlling interest Share of Net Loss for the Year ended October 31, 2012 | $ | (219,981) |
| Non-Controlling Interest at October 31, 2012 | $ | 108,602 |

The Series A Preferred Stock is recognized in the Non-Controlling Interest. If the 59,484 shares of preferred stock were fully converted into shares of BioLabs common stock and Preferred Shareholders did not elect to exchange those shares for Company common stock, the Non-Controlling interest would be 8.44% as of October 31, 2012 and 2011.

Note 10 - Taxes

The Company did not file federal tax returns for the fiscal years ended December 31, 2007, the ten months ended October 31, 2008 and the fiscal years ended October 31, 2009, 2010, 2011 and 2012These returns which are not expected to report any tax due and are currently being prepared. The Company has its primary operations in the State of New Jersey and is required to file New Jersey corporate income tax returns. The Company has not filed New Jersey State tax returns. Since the Company would have incurred tax losses for each of the years for which returns have not been filed, it anticipates that only minimal taxes could be be due, including any interest and penalties that might be assessed.

The Company is not in discussions with any tax authorities whereby any settlements over past due taxes are in progress.

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The income tax provision (benefit) consists of the following:

| | October 31, 2012 | October 31, 2011 |
|---|---|---|
| Federal | | |
| Current | $ - | $ - |
| Deferred | 1,961,982 | (1,020,907) |
| State and Local | | |
| Current | - | - |
| Deferred | 342,770 | (178,358) |
| Change in valuation allowance | (2,304,752) | 1,199,265 |
| Income tax provision (benefit) | $ - | $ - |

The following is a reconciliation of the expected tax expense (benefit) on the U.S. statutory rate to the actual tax expense (benefit) reflected in the statement of operations:

| | Years Ended | |
|---|---|---|
| | October 31, 2012 | October 31, 2011 |
| U.S. federal statutory rate | (34%) | (34%) |
| State income tax, net of federal benefit | (5.9%) | (5.9%) |
| Increase in valuation allowance | (88.4%) | 39.2% |
| Intellectual property adjustment | 128.2% | 0% |
| Other permanent items | .1% | .8% |
| Income Tax provision (benefit) | 0% | 0% |

As of October 31, 2012 and 2011, the Company's deferred tax assets consisted of the effects of temporary differences attributable to the following:

| | Years Ended | |
|---|---|---|
| | October 31, 2012 | October 31, 2011 |
| Deferred Tax Assets | | |
| Net operating loss carryovers | $ 15,756,864 | $ 14,256,341 |
| Intangible asset amortization | 705,402 | 4,166,157 |
| Allowance for doubtful accounts | 17,842 | 19,857 |
| Accrued compensation | 68,564 | 441,581 |
| Interest on convertible debt | 125,470 | 97,128 |
| Stock-based compensation | 200,619 | 198,449 |
| Total deferred tax assets | 16,874,761 | 19,179,513 |
| Valuation allowance | (16,874,761) | (19,179,513) |
| Deferred tax assets, net of valuation allowance | $ - | $ - |

For the years ended October 31, 2012 and October 31, 2011, the Company had approximately $39.5 million and $35.7 million in U.S. federal and state net operating loss carryovers ("NOLs"), respectively, which begin to expire 20 years from the original due date of the tax returns are filed. The NOLs may be subject to limitation under Internal Revenue Code Section 382 should there be a greater than fifty percent change in ownership as determined under the regulations. The Company has performed a preliminary review and has determined that the NOLs are not currently subject to limitation.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on this assessment, management has established a full valuation allowance against all of the deferred tax assets for each period because it is more likely than not that all of the deferred tax assets will not be realized. The change in valuation allowance for the years ended October 31, 2012 and 2011 is $2,304,752 and $1,199,265, respectively.

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Note 11 - Related Party Transactions

Related Party Events for Fiscal Year Ended October 31, 2012

The Company issued an unsecured convertible promissory note to Michael D. Francis, ("Francis") a shareholder of the Company on June 7, 2012, which issuance resulted in gross proceeds to the Company of $60,000. Interest shall accrue at the rate of 8% per annum and payable on the maturity date of October 31, 2012. Francis will have the right to convert the principal amount of the note and all accrued but unpaid interest into common stock of the Company at $.07 per share. The conversion price of $.07 per share is equal to 75% of the closing price of the Company's common stock for the 10 preceding days. The Company evaluated the beneficial conversion feature imbedded in the convertible promissory note and determined the effect was not material.

The Company issued an unsecured convertible promissory note to Francis on August 8, 2012, which issuance resulted in gross proceeds to the Company of $100,000. Interest shall accrue at the rate of 8% per annum and payable on the maturity date of October 31, 2012. Francis will have the right to convert the principal amount of the note and all accrued but unpaid interest into common stock of the Company at $.06 per share. The conversion price of $.06 per share is equal to 75% of the closing price of the Company's common stock for the 10 preceding days. The Company evaluated the beneficial conversion feature imbedded in the convertible promissory note and determined the effect was not material.

The Company received loan proceeds from Francis on September 7, 2012, which resulted in gross proceeds to the Company of $30,000. The loan proceeds were consolidated to a convertible promissory note issued by the Company on December 6, 2012 (see Note 14 – Subsequent Events).

The Company received loan proceeds from Francis on September 19, 2012, which resulted in gross proceeds to the Company of $30,000. The loan proceeds were consolidated to a convertible promissory note issued by the Company on December 6, 2012 (see Note 14 – Subsequent Events).

Related Party Events for Fiscal Year Ended October 31, 2011

The Company issued an unsecured promissory note to Francis ("the Francis Note") on December 10, 2010, which issuance resulted in gross proceeds to the Company of $75,000. On January 23, 2012 the note was satisfied with an agreement for settlement and release arranged for pursuant to our "Agreement to Assign and Settle Notes" with Vinfluence.

The Company issued an unsecured promissory note to Herbert Kozlov, ("Kozlov Note") a shareholder of the Company, on December 6, 2010, which issuance resulted in gross proceeds to the Company of $50,000. The note went in default and the parties have mutually agreed to extend the maturity date to March 1, 2013.

The Company issued two unsecured promissory notes to Capara Investments, ("Capara Notes") an affiliated company of Raj Pamani of which Mr. Pamani is the sole member, and a shareholder of the Company, of $50,000 on June 1, 2011, $50,000 on July 1, 2011 and $5,000 on October 24, 2011, which issuances resulted in gross proceeds to the Company of $105,000 in total.

Accrued and unpaid interest is added to the unpaid principal amount of the Director Notes, Shareholder Notes and Unrelated Party Notes every three months. Interest expense on the Director Notes, Shareholder Notes and Unrelated Party Notes every for the year ended October 31, 2012 and 2011 was $66,079 and $151,771 respectively. During the years ended October 31, 2012 and 2011, $73,722 and $211,833 of accrued interest was added to the principal amount of the Francis Note, Kozlov Note and Capara Notes.

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Note 12 – Notes Payable

The Company issued an unsecured promissory note to Asher Enterprises, Inc. ("Asher", the "Holder") on September 20, 2012 which resulted in gross proceeds to the Company of $53,000. The note bears an 8% annual interest rate, is due and payable with unpaid interest in cash on June 24, 2013, and is reported in the Company's balance sheet as Notes Payable – Short Term. The Holder may convert from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the Issue Dates and ending on the Maturity Dates the unpaid principal amount and interest into shares of the Company's common stock equal to the Conversion Price which is the product obtained by multiplying 65% by the Market Price (as defined in the notes) and then dividing the then outstanding principal amount of the note by the Conversion Price as of the date of such conversion. The Company evaluated the beneficial conversion feature imbedded in the convertible promissory note and determined the effect was not material.

The Company issued a convertible promissory note to Asher in July 2012 which issuance resulted in gross proceeds to the Company of $83,500. The note bears an 8% annual interest rate, is due and payable with unpaid interest in cash in April 13, 2013, and is reported in the Company's balance sheet as Current Portion of Notes Payable. The Holder may convert from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the issue date and ending on the maturity date the unpaid principal amount and interest into shares of the Company's common stock equal to the Conversion Price which is the product obtained by multiplying 65% by the Market Price (as defined in the notes) and then dividing the then outstanding principal amount of the note by the Conversion Price as of the date of such conversion. The Company evaluated the beneficial conversion feature imbedded in the convertible promissory note and determined the effect was not material.

The Company issued two unsecured promissory notes to Asher on August 18, 2011 and September 15, 2011 which issuances resulted in gross proceeds to the Company of $60,000 and $42,500, respectively, for total gross proceeds of $102,500. The notes bear an 8% annual interest rate, was due and payable with unpaid interest in cash on May 22, 2012 and June 19, 2012. ("the Maturity Dates") and is reported in the Company's balance sheet as Notes Payable – Short Term. The Holder may convert from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the Issue Dates and ending on the Maturity Dates the unpaid principal amount and interest into shares of the Company's common stock equal to the Conversion Price which is the product obtained by multiplying 58% by the Market Price (as defined in the notes) and then dividing the then outstanding principal amount of the note by the Conversion Price as of the date of such conversion. The notes were converted to shares of the Company's common stock at various points in time during 2012.

The Company issued an unsecured promissory note to Blackbeth Holdings Ltd on August 1, 2011 in the amount of $50,000. On March 7, 2012 the note was satisfied with an agreement for settlement and release arranged for pursuant to our "Agreement to Assign and Settle Notes" with Vinfluence.

Note 13 – Commitments & Contingencies

Operating Leases

The Company renewed its annual lease agreement for its office and laboratory space in Newark, New Jersey. The lease term was for the twelve months September 1, 2011 to August 31, 2012. The monthly rent is $3,019 per month. The Company is currently renting the office and laboratory on a month to month basis at the same rate.

On November 1, 2011, the Company rented executive office space in Morristown, New Jersey for a period of one year. The monthly rent was $4,998 per month. Effective September 1, 2012 the Company reduced the size of the rental space to and rent $2,651 per month. The Company arranged for a three month extension of the rental agreement

which expires on January 31, 2013, at which time it plans to vacate the space.

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The following table summarizes the Company's future minimum lease payments under operating leases agreements for the one year subsequent to October 31, 2012:

| | |
|---|---|
| Year Ended: | |
| October 31, 2013 | $ 7,953 |

Rent expense for fiscal years ended October 31, 2012 and 2011 was $79,374 and $23,578, respectively.

Litigation

On November 26, 2012, the Company filed a complaint against Raj Pamani, a shareholder and former director of the Company in the Superior Court of New Jersey Essex County: Chancery Division ("the Complaint"). Included also as defendants were several entities to which in 2009 the Company awarded approximately 13 million shares of its common stock in consideration for consulting contracts which the Company has concluded were fraudulently induced and were later deemed to be worthless (the "Defendant Entities"). By causing the Company to enter into the contracts to its detriment in favor of Mr. Pamani's and the Defendant Entities self-enrichment, the Company seeks to recover damages incurred from the actions of Mr. Pamani and the Defendant Entities as a result of self-dealing, breach of fiduciary duty, breach of loyalty and fraud. As this matter unfolds, the Company may pursue and recover damages incurred from other parties that come to its attention for their participation.

On August 1, 2012, the Company filed a complaint for declaratory judgment against Vinfluence in the United States District Court for the Southern District of New York ("the Complaint"). Due to issues and disagreements under the contracts, the Company seeks to cancel and/or rescind the contracts, and to prevent actual damages from occurring. In doing so, we seek a declaratory judgment from the court that 1.) all five contracts between the Company and Vinfluence should be read together as one integrated contract; 2.) Vinfluence did not exercise the Option, as defined in the Agreement to License Invention ("License Agreement"), and that the Option has expired; and 3.) New York is the proper forum for disputes. In response, on December 24, 2012, Vinfluence filed a Statement of Claim in the Supreme Court of South Wales in Sydney Australia ("the "Vinfluence Claim"). The Vinfluence Claim seeks monetary damages and alleges several breaches of contract under the License Agreement most importantly that 1.) Vinfluence performed its obligations and supplied adequate consideration for both the license for their Territory and for the Optioned Territory (as defined in the License Agreement); and BioNeutral failed to deliver on all of its obligations. The Company and Vinfluence have been negotiating and an agreement in principle has been reached the details of which are being incorporated in a written agreement. Among other provisions, the "Agreement to Assign and Settle Debt" and the "Agreement to Assign and Settle Notes" would be terminated and a certain amount of shares provided to Vinfluence under such agreements would be returned to the Company. In addition, the License Agreement would be terminated and replaced by a Distribution Agreement pursuant to which Vinfluence would receive distribution rights in certain Asian-Pacific countries. In the event that the agreement in principle cannot be finalized, the Company will vigorously pursue the matter in court.

On October 1, 2009, the SEC issued a formal order of investigation to the Company regarding possible securities laws violations by us and other persons. The investigation concerns the process by which the Company became a publicly traded entity, trading in the Company's shares, and disclosure and promotion of developments in the Company's business. The SEC has requested that the Company deliver certain documents to the SEC. The Company has, and will continue to fully cooperate with the SEC with respect to its investigation.

The Company has incurred, and may continue to incur costs that may be significant in responding to such investigation. Any adverse findings by the SEC in connection with such investigation could have a material adverse impact on the Company's business, including the Company's ability to continue to operate as a publicly traded company.

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In April 2005, the Company filed in the US Patent and Trademark Office (the "USPTO") an application for the registration of the trademarks BioNeutral™, Ogiene® and Ygiene®, based on its intent to use each of these marks in commerce. In April 2006, the USPTO issued notices of allowance signifying that each of these trademarks was entitled to registration after timely submission of statements of use, including evidence that such trademarks have been properly used in commerce. From June through November of 2008, however, the Company's applications for each of these trademarks were declared abandoned by the USPTO, since the Company inadvertently failed to timely file the appropriate statements of use with respect to each trademark within the six-month period from the date the USPTO issued the respective notices of allowance. In July 2009, the Company again submitted applications for each of these trademarks as well as the Company's tagline SCIENCE TO SAVE LIVES & PROTECT THE ENVIRONMENT®; however, the Company learned that PURE Bioscience, a company focused on the development and commercialization of bioscience products, had filed application for the registration of the trademarks BioNeutral™ and Ygiene® prior to the Company's resubmission of its applications. Subsequently in 2011, the Company received trademark registration from the USPTO for Ygiene®, Ogiene® and the Company's tagline SCIENCE TO SAVE LIVES & PROTECT THE ENVIRONMENT®. The Company intends to pursue with the Trademark Trial and Appeal Board an opposition to PURE Bioscience's application with respect to BioNeutral™. The Company cannot assure you that it will be successful with such opposition on a timely basis, if at all. In May 2011, the Company received notice that PURE Bioscience filed a petition with the USPTO for cancellation of the Company's Ygiene® registration. The Company intends to pursue a vigorous opposition to the petition for cancellation; however the Company cannot assure you that it will be successful with such opposition on a timely basis, if at all.

Other than the foregoing, the Company is not a party to, and none of the Company's property is the subject of, any pending legal proceedings other than routine litigation that is incidental to the Company's business.

Employment Agreements

On July 9, 2012, the Company announced that, effective July 2, 2012, Mr. Mark Lowenthal, a member of the Company's Board of Directors, has agreed to serve as the Company's President and Chief Executive Officer. The term of Mr. Lowenthal's employment shall be indefinite. Mr. Lowenthal's compensation shall consist of a $300,000 per annum base salary, except that Mr. Lowenthal shall receive a base salary of $150,000 per annum, with the remainder being deferred until such time as the Company has at least $4,000,000 in gross revenues or raises at least $3,000,000 in financing. Mr. Lowenthal shall also be entitled to a bonus in an amount not to exceed 25% of his base salary in the event that the Company reaches certain performance goals. Mr. Lowenthal shall also be granted options to purchase 5% of the outstanding capital stock of the Company at a price of $0.10 per share, which options shall vest at an annualized rate of 25% per year. Mr. Lowenthal shall also be entitled to a one-time success fee in the amount of $5,000,000 if the Company is sold or merged during the term of his employment, provided that the Company is valued at $100,000,000 or more in connection with such sale or merger (if the value is between $75,000,000 and $99,999,999.99 then the success fee will be pro-rated). Andy Kielbania, who was the Company's Interim Chief Executive Officer, will be the Company's Chief Technology Officer going forward.

Other Contingencies

Approximately 4.8 million shares issued in the Share Exchange were issued by the then transfer agent to stockholders of BioLabs for whom the Company does not have records as having consented to the Share Exchange. The Company currently holds approximately 92% of the outstanding interests in its subsidiary, BioLabs. The Company did not receive consents to the Share Exchange from all common and preferred shareholders of BioLabs, and the Company has accounted for those shareholders who did not sign consents as holders of the remaining 8% outstanding interests in BioLabs. The Share Exchange consents did not specify the number of shares of BioLabs common stock to be exchanged by the consenting shareholder and did not affirmatively make the representation and warranties to be made by our stockholders as set forth in the Share Exchange. In light of such omissions, there can be no assurances that a

shareholder will not challenge the validity of its consent and request a rescission offer in respect of shares of common stock issued to such person. There can also be no assurances that in light of the content of such Shareholder consent, the Company had a basis for a valid private placement of its common stock issued in the Share Exchange, which if such were the case, may negatively affect our status as a publicly traded company.

In addition, the Company believes that the shareholders who consented to the Share Exchange and were issued shares of Company common stock failed to deliver the stock certificates representing their shares of common stock and Series A Preferred Stock of BioLabs and may claim they also have an ownership interest in BioLabs. Although the Company would challenge any such claims, it cannot assure investors that it would prevail, in which case the Company's percentage ownership interest in BioLabs would decrease.

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Searchhelp, Inc. Royalty Rights

On February 3, 2004, the Company's subsidiary, Environmental Commercial Technology, Corp. ("ECT"), entered into an agreement with Searchhelp, Inc. ("Searchhelp"). Searchhelp paid cash and issued shares of its common stock and stock warrants to ECT in order to acquire a royalty equal to 5% of the gross sales of a product ECT was developing (the "U.S. Product"). The U.S. Product, which has not been commercially released and has not been approved by the U.S. Environmental Protection Agency ("EPA"), was intended to prevent the growth of mold and fungus. The Company has determined that for reasons based on the underlying science, the U.S. Product cannot be approved by the EPA. As a result, the U.S. Product is not commercially viable for the production of revenue. The agreement with Searchhelp was for a 5 ½ year term, commencing on the first quarter in which the royalty payments to Searchhelp have aggregated to $50,000. The U.S. Product has not produced revenue and therefore the Company is under no obligation to make royalty payments. With respect to the consideration paid in the form of cash and issued shares by Searchhelp to ECT, repayment is contingent to the extent that the Company has materially modified the underlying license agreements. The Company has not modified the underlying license agreements, and as such, is under no obligation to return the consideration of cash and shares. Accordingly, no liability has been recorded. The Company reached these conclusions based on recent internal review of the underlying agreements and products related thereto.

Note 14 - Subsequent Events:

Subsequent events have been evaluated through the date the financial statements were issued. All appropriate subsequent event disclosures, if any, have been made in the notes to the consolidated financial statements.

On December 26, 2012, the Company issued 692,308 and 538,462 shares of its S-8 registered common stock to Ray Dunning and Ken Munson, respectively, for compensation for their efforts offering our products for sale to potential customers. The shares were valued and issued $.08 per share based on the preceding ten (10) day average of the prevailing quotation prices for the Company's stock.

On December 26, 2012, the Company issued 145,678 shares of its S-8 registered common stock to Daniel Medina for marketing services. The shares were valued and issued $.07 per share based on the preceding ten (10) day average of the prevailing quotation prices for the Company's stock.

On December 12, 2012, the Company appointed Robert Machinist as Chairman of is Audit Committee and Ben Hanafin as Chairman of its Executive Compensation Committee. The Company also approved a grant of unregistered common stock to its independent directors as follows: Ben Hanafin 342,466 shares, Robert Machinist 513,698 shares and Philip Tierno 219,178 shares. The shares were valued and issued based on the preceding ten (10) day average of the prevailing quotation prices for the Company's stock.

On December 12, 2012, BioNeutral Group, Inc. (the "Company") issued a promissory note (the "JMJ Note") in the principal amount of $250,000 to JMJ Financial ("JMJ"). The JMJ Note is due on December 12, 2013. To date, the Company has received $60,000 of the loan represented by the JMJ Note. The JMJ Note is interest free if repaid within 90 days and if not paid within 90 days it bears interest at 10%. The principal and any accrued interest are convertible into the Company's common stock at the lower of $.09 per share of 70% of the lowest trade price in the 25 days prior to conversion. JMJ has piggyback registration rights with respect to the shares into which the JMJ Note is convertible.

On December 6, 2012, the Company entered issued a new promissory note (the "Francis Note") to Michael D. Francis, the Company's principal stockholder in the amount of $409,252. The Francis Note includes all amounts previously owed and due to Mr. Francis. The Francis Note also includes $245,000 of new funding provided by Mr. Francis. The Francis Note is due on May 6, 2014. The Francis Note bears interest at 18% per annum. Mr. Francis has the right to convert the principal and interest into the Company's common stock at $.055 per share which is equal to 75% of the

closing price of the Company's common stock or the 10 preceding days prior to December 6, 2012.

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On December 11, 2012, the Company entered into an Equity Credit Agreement with Southridge Partners II, LP for an equity line of up to $10,000,000. Pursuant to the Equity Credit Agreement, the Company has the right, at its discretion, to sell to Southridge up to $10 million of its common stock from time to time over a 36-month period. The Company will have the right, but is not obligated, to sell stock to Southridge depending on certain conditions as set forth in the Agreement. Both parties have also entered into a Registration Rights Agreement under which, the Company agreed to file a registration statement with the Securities and Exchange Commission with respect to the Shares. The ability to draw on the line is conditioned upon having an effective registration statement. In connection with obtaining the equity line, the Company issued Southridge a $50,000 promissory note (the "Southridge Note") due May 31, 2013 to satisfy its fees owned to Southridge on the equity line. The Southridge Note is convertible into common stock at a 50% discount to the lowest closing bid price of the common stock for the five days prior to conversion.

On October 31, 2012, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with Asher Enterprises, Inc., a Delaware Corporation (the "Holder") for the sale and issuance of an 8% convertible promissory note in the principal amount of $53,000 (the "Note"). The Purchase Agreement became effective on November 2, 2012 when the transaction closed. The principal balance of the Note is convertible into common stock, $0.00001 par value, of the Company, at the election of the Holder, beginning 180 days after the issuance of the Note. The conversion price of the Note shall be equal to 58% multiplied by the market price (as defined in the Note). The Note matures on August 2, 2013. The Company has the right to prepay the principal and interest at a premium depending on the date that it is prepaid. Interest on the Note accrues at a rate of 8% per annum. The Note contains customary default provisions, including provisions for potential acceleration of the Note, a default premium, and default interest of 22%.

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Part II

BIONEUTRAL GROUP. INC.

$10,000,000

SHARES OF COMMON STOCK

PRELIMINARY PROSPECTUS

FEBRUARY 17, 2013

## ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following is an estimate of the expenses that will be incurred by the Company in connection with the issuance and distribution of the securities being registered.

The following table sets forth the estimated costs and expenses of the Company in connection with the offering described in the registration statement.

| | | |
|---|---|---|
| SEC Registration Fee | $ | 377 |
| Accounting Fees and Expenses | $ | 12,500 |
| Legal Fees and Expenses | $ | 25,000 |
| Printing and Engraving | $ | 2,500 |
| Miscellaneous | $ | 7,500 |
| Total | $ | 47,877 |

## ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Nevada Revised Statutes provide that a director or officer is not individually liable to the corporation or its shareholders or creditors for any damages as a result of any act or failure to act in his capacity as a director or officer unless it is proven that his act or failure to act constituted a breach of his fiduciary duties as a director or officer and his breach of those duties involved intentional misconduct, fraud or a knowing violation of law. The Articles of Incorporation or an amendment thereto may, however, provide for greater individual liability. Furthermore, directors may be jointly and severally liable for the payment of certain distributions in violation of Chapter 78 of the Nevada Revised Statutes.

This provision is intended to afford directors and officer's protection against and to limit their potential liability for monetary damages resulting from suits alleging a breach of the duty of care by a director or officer. As a consequence of this provision, shareholders of our company will be unable to recover monetary damages against directors or officers for action taken by them that may constitute negligence or gross negligence in performance of their duties unless such conduct meets the requirements of Nevada law to impose such liability. The provision, however, does not alter the applicable standards governing a director’s or officer’s fiduciary duty and does not eliminate or limit the right of our company or any shareholder to obtain an injunction or any other type of non-monetary relief in the event of a breach of fiduciary duty.

The Nevada Revised Statutes also provide that under certain circumstances, a corporation may indemnify any person for amounts incurred in connection with a pending, threatened or completed action, suit or proceeding in which he is, or is threatened to be made, a party by reason of his being a director, officer, employee or agent of the corporation or serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, if such person (a) is not liable for a breach of fiduciary duty involving intentional misconduct, fraud or a knowing violation of law or such greater standard imposed by the corporation's articles of incorporation; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Additionally, a corporation may indemnify a director, officer, employee or agent with respect to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor, if such person (a) is not liable for a breach of fiduciary duty involving intentional misconduct, fraud or a knowing violation of law or such greater standard imposed by the corporation's articles of incorporation; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, however, indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court to be liable to the corporation or for amounts paid in settlement to the corporation, unless the court determines that the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper. To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to above, or in defense of any claim, issue or matter therein, the corporation shall indemnify him against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense.

Our Bylaws provide, among other things, that a director, officer, employee or agent of the corporation will be indemnified against all expense, liability, and loss (including attorneys' fees, judgments, fines, taxes, penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered in connection with any threatened, pending, or completed action suit, or proceeding, whether civil, criminal, administrative, or investigative provided that he or she either is not liable pursuant to Nevada Revised Statutes 78.138 (relating to liability of directors and officers to the corporation in certain instances) or acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

ITEMRECENT SALES OF UNREGISTERED AND SECURITIES
15.

Unregistered Sales and Issuance of Equity Securities.

The following is a description of issuances of shares of our equity securities that were not registered under the Securities Act during the year ended October 31, 2012 and which shares were not previously disclosed by us in a Quarterly Report on Form 10-Q or Current Report on Form 8-K.

During the years ended October 31, 2012 and 2011, various holders of our preferred shares exchanged 0 and 24,269, respectively, of Series A Preferred shares into 0 and 242,690 shares of common stock at the rate of 10 common shares to one preferred share, in accordance with the term of our preferred share agreement, dated December 12, 2006.

Equity Issuance

During the years ended October 31, 2012 and October 31, 2011, the Company issued 0 and 1,810,116 shares of the Company's common stock for gross proceeds of $0 and $342,500, respectively, to various investors. All of such shares were issued pursuant to an exemption from registration under the Securities Act by virtue of Section 4(2) of the Securities Act. Each individual investor represented to us, among other things, that such investor is a sophisticated investor with access to all relevant information necessary to evaluate its investment and that the purchased shares were being acquired for investment purposes only.

During the year ended October 31, 2012, the Company issued 100,000 shares of the Company's Series C Preferred Stock for gross proceeds of $1,000,000 to Vinfluence.

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In November 2011, the Company initiated a plan to restructure most aspects of management and operations. Pursuant to the plan the Company retained new management and board of director's representatives with experience in acute care hospitals, long-term health care and consumer oriented hygiene based products. In addition, on November 2, 2011 the Company entered into definitive financing and strategic distribution agreements with Vinfluence Pty Ltd ("Vinfluence"), New South Wales, Australia. The agreements provide for the assumption of, and indemnification for, $2,374,932 of accounts payable and accrued compensation and the assumption of, and indemnification for, $2,070,271 of convertible loans and $2,400,000 of equity capital. In exchange for cash and future royalties, the Company has also signed a 10-year licensing and distribution agreement with Vinfluence for exclusive manufacturing and distribution in Asia and non-exclusive manufacturing and distribution rights in Europe and sales to the US Military. In connection with the Vinfluence transaction the following agreements were entered into:

1. Preferred Stock Purchase Agreement – Vinfluence purchased 100,000 shares of Series C Convertible Preferred Stock from the Company for an aggregate purchase price of $1,000,000. Vinfluence has fulfilled this obligation.

2. Agreement to Assign and Settle Debt - Pursuant to this agreement, Vinfluence agreed to purchase and subsequently cancel certain debt owed by the Company. In consideration for such purchase, the Company will issue Vinfluence one share of Series B Preferred Stock for every $10 of "Affiliate" debt settled, and one share of Series D Preferred Stock for every $10 of "Non-Affiliate" debt.

3. Agreement to Assign and Settle Notes - Pursuant to this agreement, Vinfluence agreed to purchase and subsequently cancel certain promissory notes previously issued by the Company that are currently outstanding. In consideration for such purchase, the Company will issue Vinfluence one share of Series B Preferred Stock for every $10 of "Affiliate" debt settled, and one share of Series D Preferred Stock for every $10 of "Non-Affiliate" debt.

4. Preferred Stock Drawdown Agreement - Under the terms of this agreement, the Company is granted the right, but not the obligation, to sell to Vinfluence up to $1,400,000 worth of Series E Preferred Stock in monthly increments of up to $200,000. Vinfluence did not fulfill this agreement.

5. Agreement to License Invention - Under the terms of this agreement, the Company agreed to grant Vinfluence an exclusive license to commercialize certain intellectual property owned by the Company and its Delaware subsidiary, BioNeutral Laboratories Corporation USA (the "Subsidiary"), within the Territory (as defined therein), as well as a non-exclusive license over such intellectual property in the Optioned Territory (as defined therein).

In connection with the Vinfluence agreements noted above, on November 7, 2011, the Company issued 213,491 shares of Series B Preferred Stock to Vinfluence in exchange for their purchase and assumption of $2,134,914 of accounts payable and certain convertible notes payable. In addition, on November 7, 2011, the Company issued 231,029 shares of Series D Preferred Stock to Vinfluence in exchange for their purchase and assumption of $2,310,289 of certain accounts payable, accrued compensation and convertible notes payable. At July 31, 2012, the Company has received confirmed settlements and releases from debt holders of debt associated with Series B Preferred Stock and Series D Preferred Stock of $1,384,876 and $1,533,654, respectively. Currently, the debt remaining to be settled and released associated with the Series B Preferred Stock was $750,038, and $776,635 associated with the Series D Preferred Stock. At the current time, the total Series B and D debt remaining to be settled and released by debt holders was $1,526,673.

Shares Issued Pursuant to Consulting Agreements

During the years ended October 31, 2012 and 2011, the Company issued an aggregate of 3,530,000 and 1,683,713 shares of common stock for professional services having a value of $283,000 and $516,517, respectively. The shares for services were valued and issued at the prevailing quotation prices for the Company's stock at the time of issuance. Shares issued in the above paragraph are valued at the market price during the period for which services were provided.

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Other Equity Issuances

During the years ended October 31, 2012 and 2011 and in connection with the Share Exchange (as defined below), various non-controlling interests exchanged 0 and 1,199,458 shares of BioLabs common stock for the same number of shares of the Company common stock.

Convertible Debt Capital Funding

The Company issued an unsecured convertible promissory note to Michael D. Francis, ("Francis") a shareholder of the Company on June 7, 2012, which issuance resulted in gross proceeds to the Company of $60,000. Interest shall accrue at the rate of 8% per annum and payable on the maturity date of October 31, 2012. Francis will have the right to convert the principal amount of the note and all accrued but unpaid interest into common stock of the Company at $.07 per share. The conversion price of $.07 per share is equal to 75% of the closing price of the Company's common stock for the 10 preceding days. The Company evaluated the beneficial conversion feature imbedded in the convertible promissory note and determined the effect was not material. At maturity of the convertible promissory note, and upon receipt of a conversion notice from Mr. Francis, the Company would issue 810,811 shares of common stock in consideration of the principal amount of $60,000 plus shares of common stock for accrued but not paid interest.

The Company issued an unsecured convertible promissory note to Francis on August 8, 2012, which issuance resulted in gross proceeds to the Company of $100,000. Interest shall accrue at the rate of 8% per annum and payable on the maturity date of October 31, 2012. Francis will have the right to convert the principal amount of the note and all accrued but unpaid interest into common stock of the Company at $.06 per share. The conversion price of $.06 per share is equal to 75% of the closing price of the Company's common stock for the 10 preceding days. The Company evaluated the beneficial conversion feature imbedded in the convertible promissory note and determined the effect was not material. At maturity of the convertible promissory note, and upon receipt of a conversion notice from Mr. Francis, the Company would issue 1,515,152 shares of common stock in consideration of the principal amount of $100,000 plus shares of common stock for accrued but not paid interest.

The Company received loan proceeds from Francis on September 7, 2012, which resulted in gross proceeds to the Company of $30,000.

The Company received loan proceeds from Francis on September 19, 2012, which resulted in gross proceeds to the Company of $30,000.

The Company issued an unsecured promissory note to Asher Enterprises, Inc. ("Asher", the "Holder") on September 20, 2012 which resulted in gross proceeds to the Company of $53,000. The note bears an 8% annual interest rate, is due and payable with unpaid interest in cash on June 24, 2013, and is reported in the Company's balance sheet as Notes Payable – Short Term. The Holder may convert from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the Issue Dates and ending on the Maturity Dates the unpaid principal amount and interest into shares of the Company's common stock equal to the Conversion Price which is the product obtained by multiplying 65% by the Market Price (as defined in the notes) and then dividing the then outstanding principal amount of the note by the Conversion Price as of the date of such conversion. The Company evaluated the beneficial conversion feature imbedded in the convertible promissory note and determined the effect was not material.

The Company issued a convertible promissory note to Asher in July 2012 which issuance resulted in gross proceeds to the Company of $83,500. The note bears an 8% annual interest rate, is due and payable with unpaid interest in cash in April 13, 2013, and is reported in the Company's balance sheet as Current Portion of Notes Payable. The Holder

may convert from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the issue date and ending on the maturity date the unpaid principal amount and interest into shares of the Company's common stock equal to the Conversion Price which is the product obtained by multiplying 65% by the Market Price (as defined in the notes) and then dividing the then outstanding principal amount of the note by the Conversion Price as of the date of such conversion. The Company evaluated the beneficial conversion feature imbedded in the convertible promissory note and determined the effect was not material.

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The Company issued two unsecured promissory notes to Asher on August 18, 2011 and September 15, 2011 which issuances resulted in gross proceeds to the Company of $60,000 and $42,500, respectively, for total gross proceeds of $102,500. The notes bear an 8% annual interest rate, was due and payable with unpaid interest in cash on May 22, 2012 and June 19, 2012. ("the Maturity Dates") and is reported in the Company's balance sheet as Notes Payable – Short Term. The Holder may convert from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the Issue Dates and ending on the Maturity Dates the unpaid principal amount and interest into shares of the Company's common stock equal to the Conversion Price which is the product obtained by multiplying 58% by the Market Price (as defined in the notes) and then dividing the then outstanding principal amount of the note by the Conversion Price as of the date of such conversion. The notes were converted to shares of the Company's common stock at various points in time during 2012.

The Company issued an unsecured promissory note to Blackbeth Holdings Ltd on August 1, 2011 in the amount of $50,000. On March 7, 2012 the note was satisfied with an agreement for settlement and release arranged for pursuant to our "Agreement to Assign and Settle Notes" with Vinfluence.

The Company issued an unsecured promissory note to Francis ("the Francis Note") on December 10, 2010, which issuance resulted in gross proceeds to the Company of $75,000. On January 23, 2012 the note was satisfied with an agreement for settlement and release arranged for pursuant to our "Agreement to Assign and Settle Notes" with Vinfluence.

The Company issued an unsecured promissory note to Herbert Kozlov, ("Kozlov Note") a shareholder of the Company, on December 6, 2010, which issuance resulted in gross proceeds to the Company of $50,000. The note went in default and the parties have mutually agreed to extend the maturity date to March 1, 2013.

The Company issued two unsecured promissory notes to Capara Investments, ("Capara Notes") an affiliated company of Raj Pamani of which Mr. Pamani is the sole member, and a shareholder of the Company, of $50,000 on June 1, 2011, $50,000 on July 1, 2011 and $5,000 on October 24, 2011, which issuances resulted in gross proceeds to the Company of $105,000 in total.

Accrued and unpaid interest is added to the unpaid principal amount of the Director Notes, Shareholder Notes and Unrelated Party Notes every three months. Interest expense on the Director Notes, Shareholder Notes and Unrelated Party Notes every for the year ended October 31, 2012 and 2011 was $66,079 and $151,771 respectively. During the years ended October 31, 2012 and 2011, $73,722 and $211,833 of accrued interest was added to the principal amount of the Francis Note, Kozlov Note and Capara Notes.

We relied on the exemption from registration provided by Section 4(2) of the Securities Act for all such issuances of our common stock described above.

I T E MEXHIBITS AND FINANCIAL STATEMENT SCHEDULES
16.

The following is a complete list of Exhibits filed as part of this Registration Statement:

(a.) Exhibits

| Exhibit No. | Description |
|---|---|
| 2.1 | |

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| | Share Exchange Agreement by and among BioNeutral Group, Inc. and BioNeutral Laboratories Corporation USA and the shareholders thereof (1) |
| 3.1 | Articles of Incorporation of BioNeutral Group, Inc. (2) |
| 3.2 | Amendment to Articles of Incorporation of BioNeutral Group, Inc. (3) |
| 3.3 | Bylaws of BioNeutral Group, Inc. (formerly known as Moonshine Creations, Inc.) (2) |

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| 4.1 | Form of Stock Certificate of BioNeutral Group, Inc. (7) |
| 4.2 | Form of Debenture of BioNeutral Group, Inc. (one in a series of debentures with identical terms) (3) |
| 4.3 | Form of Agreement to Convert BioNeutral Debenture (one in a series of agreements with identical terms) (3) |
| 4.4 | Registration Rights Agreement, dated as of February 3, 2010, between BioNeutral Group, Inc. and Chertoff Group, LLC (6) |
| 4.5 | 8% exchangeable promissory note, dated November 13, 2009, issued in favor of Michael D. Francis (6) |
| 4.6 | 8% exchangeable promissory note, dated November 13, 2009, issued in favor of Capara Investments LLC (6) |
| 4.7 | 8% exchangeable promissory note, dated February 12, 2010, issued in favor of Michael D. Francis (6) |
| 4.8 | 8% exchangeable promissory note, dated March 9, 2010, issued in favor of Capara Investments LLC (7) |
| 4.9 | 8% exchangeable promissory note, dated March 15, 2010, issued in favor of Michael D. Francis (8) |
| 4.10 | 8% exchangeable promissory note, dated April 30, 2010, issued in favor of Michael D. Francis (9) |
| 4.11 | 8% exchangeable promissory note, dated July 7, 2010, issued in favor of Michael D. Francis (9) |
| 4.12 | 8% exchangeable promissory note, dated August 31, 2010, issued in favor of Capara Investments LLC (9.1) |
| 4.13 | 8% exchangeable promissory note, dated October 12, 2010, issued in favor of Capara Investments LLC (9.1) |
| 4.14 | 8% exchangeable promissory note, dated October 28, 2010, issued in favor of Blackbeth Holdings Ltd. (9.1) |
| 5.1 | Opinion of Counsel* |
| 10.1 | BioNeutral Group, Inc. 2009 Stock Incentive Plan (3) |
| 10.2 | Consulting Agreement, dated as of June 15, 2008, between BioNeutral Group, Inc. and Raj Pamani (7) |
| 10.3 | |

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| | Letter of Intent, dated March 20, 2009, between BioNeutral Group, Inc. and Orient Arts Inc. (4) |
| 10.4 | Professional Services Agreement between BioNeutral Group, Inc. and Dorothy Canter Consulting, LLC (4) |
| 10.5 | Consulting Agreement, dated March 13, 2009, between BioNeutral Group, Inc. and James Crane (4) |
| 10.6 | Advisory Agreement, dated August 26, 2009, by and among BioNeutral Group, Inc. and Chertoff Group, LLC (5) |
| 10.7 | First Amendment to Advisory Agreement, dated February 3, 2010, by and among BioNeutral Group, Inc. and Chertoff Group, LLC (6) |
| 10.8 | Stock Appreciation Rights Agreement, dated as of February 3, 2010, between the Company and Chertoff Group, LLC (6) |
| 10.9 | Restricted Stock Unit Agreement, dated as of February 3, 2010, between the Company and Chertoff Group, LLC (6) |

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| 10.10 | Lease Agreement, dated September 1, 2009, between BioNeutral Group, Inc. and New Jersey Institute of Technology (Enterprise Development Center) (7) |
| 10.11 | Consultant Agreement, dated September 6, 2008, between BioNeutral Laboratories Corporation USA and Jina Partners (7) |
| 10.12 | Consultant Agreement, dated November 12, 2008, between BioNeutral Laboratories Corporation USA and R.K. and Associates, Inc. (7) |
| 10.13 | Consulting Agreement between BioNeutral Laboratories Corporation USA and Andrew Kielbania (7) |
| 10.14 | Consulting Agreement, dated September 15, 2008, between BioNeutral Laboratories Corporation USA, Pamani Group Ltd. and Angel's Assets Holdings Ltd. (7) |
| 10.15 | Form of Indemnification Agreement, dated February 10, 2009, between BioNeutral Group, Inc. and each of its executive officers and directors.(7) |
| 10.16 | Preferred Stock Purchase Agreement between BioNeutral Group, Inc. and Vinfluence Pty Ltd (10) |
| 10.17 | Agreement to Assign and Settle Debt between BioNeutral Group, Inc. and Vinfluence Pty Ltd (10) |
| 10.18 | Agreement to Assign and Settle Notes between BioNeutral Group, Inc. and Vinfluence Pty Ltd (10) |
| 10.19 | Preferred Stock Drawdown Agreement between BioNeutral Group, Inc. and Vinfluence Pty Ltd (10) |
| 10.20 | Agreement to License Invention with between BioNeutral Group, Inc. and Vinfluence Pty Ltd (10) |
| 10.21 | Agreement for appointment to Board of Directors – Ronald Del Mauro |
| 10.22 | Indemnification Agreement – Ron Del Mauro |
| 10.23 | Agreement for Appointment of Chairman – Frank Battafarano (10) |
| 10.24 | Indemnification Agreement – Frank Battafarano (10) |
| 10.25 | Collaboration Agreement between BioNeutral Group, Inc. and St. Barnabas Corporation (11) |
| 10.26 | Material Definitive Agreement with DLA Piper US LLP (12) |
| 10.27 | Resignation of Director – Frank Battafarano (13) |

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| 10.28 | Departure of Directors; Appointment of Directors (14) |
| 10.29 | Appointment of Director (15) |
| 10.30 | Employment agreement with Mark Lowenthal, CEO and President (16) |
| 10.31 | Convertible promissory note with Michael Francis $60,000 (17) |
| 10.32 | Convertible promissory note with Michael Francis $100,000 (17) |
| 10.33 | Convertible promissory note and securities purchase agreement with Asher Enterprises $83,500 (17) |
| 10.34 | Results of an initial collaborative research program with Barnabas Corporation (18) |
| 10.35 | Departure of Directors; Appointment of Directors (19) |

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| 10.36 | Convertible promissory note and securities purchase agreement with Asher Enterprises $53,000 (20) |
| 10.37 | Convertible promissory note and securities purchase agreement with Asher Enterprises $53,000 (21) |
| 10.38 | Convertible promissory note with JMJ Financial $250,000 (22) |
| 10.39 | Convertible promissory note with Michael Francis $409,252 (22) |
| 10.40 | Equity Purchase Agreement with Southridge Partners II, LLP for up to $10,000,000 (22) |
| 14.1 | BioNeutral Group, Inc. Code of Ethics (3) |
| 21.1 | Subsidiaries of BioNeutral Group, Inc. (7) |
| 23.1 | Consent of Marcum LLP.* |

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* Filed herewith.

(1) Incorporated by reference to BioNeutral Group, Inc.'s Amendment No. 1 to Current Report on Form 8-K filed with the Securities and Exchange Commission on February 23, 2009.

(2) Incorporated by reference to BioNeutral Group, Inc.'s Registration Statement on Form S-1 filed with the Securities and Exchange Commission on February 14, 2008.

(3) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on February 5, 2009.

(4) Incorporated by reference to BioNeutral Group, Inc.'s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on March 23, 2009.

(5) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 4, 2009.

(6) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on February 18, 2010.

(7) Incorporated by reference to BioNeutral Group, Inc.'s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 17, 2010.

(8) Incorporated by reference to BioNeutral Group, Inc.'s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on June 14, 2010.

(9) Incorporated by reference to BioNeutral Group, Inc.'s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 20, 2010.

(9.1) Incorporated by reference to BioNeutral Group, Inc.'s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 15, 2011.

(11) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on January 25, 2012.

(12) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 5, 2012.

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(13) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 8, 2012.

(14) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on April 25, 2012.

(15) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on June 29, 2012.

(16) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 9, 2012.

(17) Incorporated by reference to BioNeutral Group, Inc.'s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 14, 2012.

(18) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 3, 2012.

(19) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 4, 2012.

(20) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 10, 2012.

(21) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on November 16, 2012.

(22) Incorporated by reference to BioNeutral Group, Inc.'s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 14, 2012.

(b) Exhibits. The exhibits required by Item 601 of Regulation S-K are filed herewith or incorporated by reference.

(c) Financial Statement Schedules and Other Financial Statements.

All financial statement schedules are omitted from this Annual Report on Form 10-K, as they are not required or applicable or the required information is included in the financial statements or notes thereto.

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any Prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in this Prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental

change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or any decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low end or high end of the estimated maximum offering range may be reflected in the form of Prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

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(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities to be offered therein, and the offering of such securities at that time shall be deemed to be an initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which shall remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act to any purchaser:

(i) If the registrant is relying on Rule 430(B) (Section 203.430B of this chapter):

(A) Each Prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed Prospectus was deemed part of an included in the registration statement; and

(B) Each Prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415 (a)(1)(i), (vii) or (x) for the purpose of providing information required by section 10(a) of the Securities Act shall be deemed to be part of an included in the registration statement as of the earlier of the date such form of Prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in this Prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such securities in the registration statement to which that Prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or Prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or Prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or Prospectus that was part of the registration statement or made by any such document immediately prior to such effective date.

(ii) If the registrant is subject to Rule 430C, each Prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than Prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or Prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into a registration statement or Prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or Prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

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(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities. The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary Prospectus or Prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing Prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing Prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer of controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Morristown, New Jersey, on the date indicated below.

BIONEUTRAL GROUP, INC.

By: /s/ Mark Lowenthal
Mark Lowenthal
Chief Executive Officer and
President

Dated: February 20, 2013

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors of BioNeutral Group, Inc. hereby constitutes and appoints Mark Lowenthal, his true and lawful attorney-in-fact and agent, with full power of substitution, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file any and all amendments to this Form S-1, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact full power and authority to do so and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as full to all intents and purposes as he himself might or could do if personally present, thereby ratifying and confirming all that said attorneys-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

| | | |
|---|---|---|
| /s/ Ben Hanafin<br>Ben Hanafin | Director | February 20, 2013 |
| /s/ Robert Machinist<br>Robert Machinist | Director | February 20, 2013 |
| /s/ Phillip Tierno<br>Phillip Tierno | Director | February 20, 2013 |
| /s/ Andrew Kielbania<br>Andrew Kielbania | Director | February 20, 2013 |