

SCIO DIAMOND TECHNOLOGY CORP

FORM 8-K (Current report filing)

Filed 10/22/14 for the Period Ending 10/16/14

Address	411 UNIVERSITY RIDGE, SUITE D GREENVILLE, SC 29601
Telephone	864.346.2733
CIK	0001488934
Symbol	SCIO
SIC Code	3290 - Abrasive, Asbestos, And Miscellaneous
Industry	Constr. - Supplies & Fixtures
Sector	Capital Goods
Fiscal Year	03/31

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **October 16, 2014**

SCIO DIAMOND TECHNOLOGY CORPORATION

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation)

000-54529

(Commission
File Number)

45-3849662

(IRS Employer
Identification No.)

**411 University Ridge Suite D
Greenville, SC**

(Address of principal executive
offices)

29601

(Zip Code)

Registrant's telephone number, including area code: **(864) 751-4880**

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On October 16, 2014 Scio Diamond Technology Corporation (the "**Company**") entered into a Second Amendment to Loan Agreement ("**Amendment No. 2**") with Platinum Capital Partners, LP (the "**Lender**"), to its existing loan agreement (the "**Loan Agreement**") dated as of June 21, 2013 with the Lender, as modified by the First Amendment to Loan Agreement dated as of October 11, 2013. Under the terms of Amendment No. 2, the Lender, among other things, increased the Company's credit facility to \$1,500,000 and deferred \$63,618.51 of interest that was due and payable on September 30, 2014 under the Loan Agreement until December 19, 2014. The Company also executed two new promissory notes concurrently with Amendment No. 2: (i) a Revolving Promissory Note dated as of October 17, 2014 in the principal amount of \$1,500,000 in favor of the Lender (the "**New Revolving Promissory Note**"), which replaced the Company's Promissory Note dated as of June 21, 2013, in the principal amount of \$1,000,000 in favor of the Lender, and the Company's Promissory Note dated as of October 9, 2013, in the principal amount of \$500,000 in favor of the Lender; and (ii) a Deferred Interest Promissory Note dated as of September 30, 2014, in the principal amount of \$63,618.51 in favor of the Lender (the "**Deferred Interest Promissory Note**"). The New Revolving Promissory Note has a maturity date of June 30, 2015 and interest on the outstanding principal accrues at a rate of 18% per annum, compounded annually. The Deferred Interest Promissory Note has a maturity date of December 19, 2014 and interest on the outstanding principal accrues at a rate of 18% per annum, compounded annually.

Amendment No. 2 is attached hereto as Exhibit 10.1 and is incorporated by reference herein. The foregoing description of Amendment No. 2 is qualified in its entirety by reference to such exhibit.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of Registrant.

The information included under Item 1.01 hereof is incorporated by reference into this Item 2.03.

Item 8.01 Other Events.

On October 22, 2014 the Company issued a press release announcing that Bern McPheely, Chairman of the Board and a director of the Company, purchased 133,333 shares of the Company's common stock on September 30, 2014, Bruce Likly, a director of the Company, purchased 187,500 shares of the Company's common stock on October 3, 2014, and Lewis Smoak, a director of the Company, purchased 333,333 shares of the Company's common stock on September 19, 2014.

A copy of the above-referenced press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

- (a) Not applicable.
 - (b) Not applicable.
 - (c) Not applicable.
 - (d) Exhibits .
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Exhibit No.	Description
10.1	Second Amendment to Loan Agreement, dated as of October 16, 2014, by and between the Company and Platinum Capital Partners, LP
99.1	Press Release issued on October 22, 2014

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

SCIO DIAMOND TECHNOLOGY CORPORATION
(Registrant)

Date: October 22, 2014

By: /s/ Gerald McGuire

Gerald McGuire
President and Chief Executive Officer

EXHIBIT INDEX

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**SECOND AMENDMENT TO
LOAN AGREEMENT**

THIS SECOND AMENDMENT TO LOAN AGREEMENT (the "*Second Amendment*") is made this 16th day of October, 2014 (the "*Effective Date*"), by and between SCIO Diamond Technology Corporation, a Nevada corporation ("*SCIO*" or "*Borrower*"), and Platinum Capital Partners, LP, a Minnesota limited partnership ("*Platinum Capital*" or "*Lender*").

RECITALS

A. Platinum Capital and SCIO entered into a Loan Agreement dated as of June 21, 2013 as modified by a First Amendment to Loan Agreement dated as of October 11, 2013 (the "*Credit Agreement*").

B. Borrower has requested that Platinum Capital increase its credit facility to Borrower so as to make available to Borrower a revolving credit facility for up to One Million Five Hundred Thousand and no/100 Dollars (\$1,500,000.00). Borrower has also requested that Platinum Capital defer collecting interest due on September 30, 2014 in the amount of Sixty-Three Thousand Six Hundred Eighteen and 51/100 Dollars (\$63,618.51) until December 19, 2014. Lender and Borrower have mutually agreed on the terms of two new Promissory Notes (the "*New Notes*") to be executed concurrently with this Second Amendment to Loan Agreement. The Loan Agreement is being amended to incorporate the New Notes and the New Notes will be subject to the terms set forth in the Loan Agreement as amended by the Second Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the mutual agreements contained herein, Borrower and Lender agree as follows:

AGREEMENT

1. New Definition in Loan Agreement Section 1.1. A new definition of "Promissory Notes." shall be inserted into Section 1.1 the Credit Agreement, as a replacement to the original language, as follows:

"The Borrower's Promissory Note of June 21, 2013, in the amount of \$1,000,000.00, and the Borrower's Promissory Note of October 9, 2013, in the amount of \$500,000.00, both payable to the Lender shall be replaced by the Borrower's Promissory Note of even date herewith in the amount of One Million Five Hundred Thousand and no/100 Dollars (\$1,500,000.00). Furthermore, Borrower is making a new Deferred Interest Promissory Note of September 30, 2014, in the amount of Sixty-Three Thousand Six Hundred Eighteen and 51/100 Dollars (\$63,618.51) due on December 19, 2014.

Accordingly, all references in the Loan Agreement to the "Promissory Note" or "Promissory Notes" shall be modified to reference the "Promissory Notes" having a total principal value of One Million Five Hundred Sixty-Three Thousand Six Hundred Eighteen and 51/100 Dollars (\$1,563,618.51).

2. Amendments to Sections 1.4, 1.5, 1.6 and 3. Sections 1.4, 1.5, 1.6 and 3 of the Loan Agreement are hereby modified to adopt the current date for their application.

3. New Definition in Loan Agreement Section 4.10. A new definition of "Monthly Collateral Monitoring Fee": \$1,000 per month commencing on October 1, 2014 and continuing monthly until maturity. This fee is payable monthly in advance, due on the first of each month.

4. Ratification; Effect of Amendment. Borrower hereby ratifies and confirms all of its liabilities and obligations under the Loan Agreement and agrees that, except as expressly modified in the First Amendment or this Second Amendment, the Loan Agreement continues in full force and effect.

5. Counterparts; Signatures. This Second Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. This Second Amendment may be executed in facsimile or electronic copy with the same binding effect as the original.

6. Opportunity to Consult Counsel; Reliance Upon Borrower's Own Due Diligence. Borrower acknowledges that it has had the opportunity to consult with counsel of its choice with regard to the legal effect of this Second Amendment and is not relying upon any representations made by Platinum Capital in executing this Second Amendment. Borrower has conducted such due diligence as it deems necessary to determine whether to execute this Second Amendment.

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Loan Agreement as of the day, month and year first above-written.

SCIO Diamond Technology Corporation

By: /s/ Gerald McGuire

Name: Gerald McGuire

Title: Chief Executive Officer

Platinum Capital Partners, LP

By: /s/ Jeffrey Reed

Name: Jeffrey Reed

Title : Chief Credit Officer



Sci Diamond Technology Corporation Announces Credit Facility Extension Equity Investments Made by Members of its Board of Directors

GREENVILLE, SC, October 22, 2014 /CNW/ – Sci Diamond Technology Corporation (OTCBB: SCIO) (hereinafter "Sci Diamond" or the "Company") a manufacturer of lab-grown diamond for the gemstone and industrial marketplace, announced today that it has extended its credit facility with Platinum Capital Partners, LP.

"The extension puts Sci Diamond in good standing on all terms and conditions of its credit facility. Platinum has been a strong financing partner for Sci Diamond and the extension shows their confidence in management and the Company's direction," said Jonathan Pfohl, Sci Diamond Chief Financial Officer.

In addition to extending its credit facility, the Company is pleased to announce that three members of its Board of Directors: Bern McPheely, Chairman, Bruce Likly, Vice Chairman and Lewis Smoak have each made recent equity investments in the Company. "These investments show strong confidence by our Board in our current business plan, performance against goals and strategic direction," said Gerald McGuire, Sci Diamond President and Chief Executive Officer.

About Sci Diamond Technology Corp

Sci Diamond employs a patent-protected chemical vapor deposition process to produce high-quality, single-crystal diamonds in a controlled laboratory setting. These are known as "lab-grown" diamonds. Lab-grown diamonds are chemically, physically and optically identical to "earth-mined" diamonds. The Company's manufacturing process produces high-quality, high-purity, single-crystal colorless, near colorless and fancy colored diamonds.

Sci's technology offers the flexibility to produce lab-grown diamonds in size, color and quality combinations that are rare in earth-mined diamonds. Additionally, Sci is capable of producing diamonds that have the structural, optical and electronic properties needed for advanced industrial, medical and semiconductor applications. For more information please visit the company website at www.sciodiamond.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements that may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Scio to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words "may," "will," "should," "could," "would," "forecast," "potential," "continue," "contemplate," "expect," "anticipate," "estimate," "believe," "intend," "or "project" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

SOURCE: Scio Diamond Technology Corporation

For further information: Gerald McGuire at GMcGuire@Sciodiamond.com