

SCIO DIAMOND TECHNOLOGY CORP

FORM 8-K (Current report filing)

Filed 10/29/14 for the Period Ending 10/29/14

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 29, 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))
-

Item 7.01 Regulation FD Disclosure.

The following information is being “furnished” in accordance with General Instruction B.2 of Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended (the “**Securities Act**”), or the Exchange Act, except as expressly set forth by specific reference in such filing.

On October 29, 2014 Scio Diamond Technology Corporation (the “**Company**”) announced that it will present new data at the annual meeting of the stockholders of the Company (the “**2014 Annual Meeting**”) in Woodruff, South Carolina. A slide presentation with respect to the data will be presented at the 2014 Annual Meeting at 4:00 p.m. Eastern Time.

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

Item 8.01. Other Events.

On October 29, 2014 the Company announced that it will disclose at the 2014 Annual Meeting the status of an ongoing private offering of its Common Stock, par value \$.001 per share (“**Common Stock**”), for a purchase price of \$0.30 per share. The Company has sold approximately \$700,000 of Common Stock in the offering, and may sell up to a maximum of \$2,000,000 of Common Stock in the offering.

The Common Stock offered by the Company has not been registered under the Securities Act or applicable state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state laws.

The disclosure under this Item 8.01 in this Form 8-K is being issued pursuant to Rule 135c under the Securities Act, and is neither an offer to sell any securities, nor a solicitation of an offer to buy any securities, nor shall there be any offer, solicitation or sale of any such securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Item 9.01 Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slide Presentation

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 29, 2014

By: /s/ Gerald McGuire

Gerald McGuire

President and Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Slide Presentation



Shareholder Meeting 10/29/2014

Comments to GMcGuire@sciodiamond.com

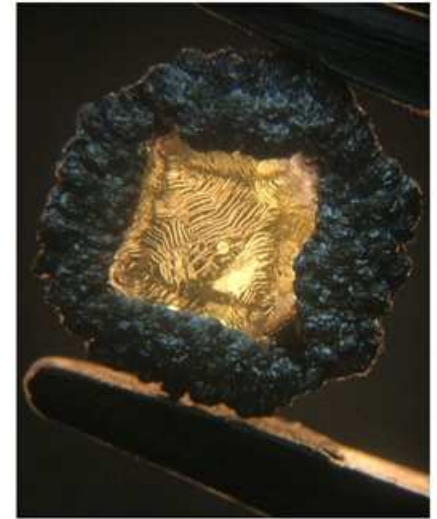
Revision 0

Safe Harbor

This presentation contains forward-looking statements that are based on the beliefs of Scio Diamond's management and reflect Scio's current expectations and projections about future results, performance, prospects and opportunities. Scio has tried to identify these statements by using words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "project," "potential," "should," "will," "will be," "would" and similar expressions, but this is not an exclusive way of identifying such statements. Investors are cautioned that all forward-looking statements contained herein speak only as of the date of this presentation and involve risks and uncertainties that could cause Scio's actual results, performance and achievements to differ materially from those expressed in these forward-looking statements, including, without limitation, the impact of the current challenging global economic conditions and recent financial crisis; the development of the market for cultured diamonds; competition; Scio's ability to raise the capital required for research, product development, operations and marketing; anticipated dependence on material customers and material suppliers. For a detailed discussion of factors that could affect Scio's future operating results, investors should see disclosures under "Risk Factors" in the company's applicable filings with the US Securities and Exchange Commission. These factors should be considered carefully and investors should not rely on any forward-looking statements contained herein, or that may be made elsewhere from time to time by Scio or on Scio's behalf. Scio undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by law.

Key Facts

<u>Symbol</u>	<u>OTCBB: SCIO</u>
<u>Price (10/24/14)</u>	<u>\$0.36</u>
<u>52 Week Range</u>	<u>\$0.15 – \$0.75</u>
<u>Market Cap</u>	<u>\$18.8 M</u>
<u>Capital Structure</u>	<u>75M shares authorized</u>
<u>Shares Outstanding</u>	<u>52.3M</u>
<u>Options & Warrants</u>	<u>6.2M (priced \$0.33 - \$1.60)</u>
<u>Shares Available for Issuance</u>	<u>16.5M</u>
<u>Debt at 9/30/14</u>	<u>\$ 1.54M</u>
<u>Cash at 3/31/14</u>	<u>\$ 0.01M</u>
<u>Enterprise Value</u>	<u>\$20.3M</u>
<u>Corporate HQ</u>	<u>Greenville, SC</u>
<u>Accounting Firm</u>	<u>Cherry Bekaert LLP</u>
<u>Legal – Regulatory</u>	<u>Dorsey & Whitney LLP</u>
<u>Legal – Corporate</u>	<u>Barnes & Thornberg LLP</u>
<u>Significant IP Portfolio</u>	<u>26 US patents; 9 foreign; 5 Apps</u>
<u>Full-Time Employees</u>	<u>8</u>
<u>Currently Operating</u>	<u>10 reactors</u>



Grown CVD diamond crystal prior to laser trim

Agenda

- Welcome
- Items for Shareholder vote
 1. Election of Board of Directors
 2. Amendment & Restatement of Company By-laws
 3. Approve compensation of executives on advisory basis
 4. Approve frequency of executive compensation on advisory basis
 5. Ratify appointment of Cherry Bekaert LLP as Public Accountants
- Company Presentation
- Vote Tally
- Meeting Adjourns

An Independent and Experienced BOD

Mr. Bern McPheely, serves as non-executive chairman of the board. He is the recently retired president of Hartness International after more than 35 years of service. Under his leadership, and from startup, Hartness was profitable every quarter since 1982. Bern was responsible for shepherding the transition from a family owned business to a public company.

Mr. Bruce Likly, serves as non-executive vice-chairman of the board of the company. He brings more than 25 years of technology, communications and management experience to the company. Bruce is a principal at Kovak-Likly Communications where his team helps companies develop and implement strategic sales, marketing and communications plans. Bruce also serves as the chairman of the board of Mutual Security Credit Union and the Wilton Public Schools Board of Education.

Mr. James Korn, serves as a non-executive director of the company. Jim is currently the CEO of Temp-Air, Inc., a leading manufacturer of temporary industrial and commercial HVAC equipment. Jim received his BA in economics magna cum laude from Providence College, his JD cum laude from the University of Minnesota Law School.

Mr. Karl Leaverton, serves as non-executive director of the company. Karl is currently the chairman of SNW Securities Corporation, former President of Private Client Group of RBC Wealth Management, former CEO and director of SNW Asset Management. Karl has more than 30 years experience in financial services.

Mr. Lewis Smoak, serves as a non executive director of the company. He is a founding partner of Ogletree, Deakins, Nash, Smoak and Stewart. For more than 44 years he represented companies in labor and employment matters. He is listed in The Best Lawyers in America and has been selected by his peers for inclusion in the ABA's College of Labor and Employment Lawyers.

Mr. Ben Wolkowitz, serves as a non-executive director of the company. Ben has had an extensive career in finance and economics, most recently he headed Madison Financial Technology Partners, a consulting firm that advised technology companies on how to position their products for the financial services industry. Previously, he was a Managing Director at Morgan Stanley.

Gerald McGuire, Chief Executive Officer brings over 25 years of executive and high technology experience. Throughout his career he has built high performance businesses and organizations. At Analog Devices Jerry was responsible for the Digital Signal Processing business and focused on the commercialization of innovative embedded processors. At Fairchild Semiconductor he was responsible for refocusing a high volume commodity business and dramatically improving business performance. Jerry has a MSEE degree from the University of Vermont.

Executives

Gerald McGuire, Chief Executive Officer brings over 25 years of executive and high technology experience. Throughout his career he has built high performance businesses and organizations. At Analog Devices Jerry was responsible for the Digital Signal Processing business and focused on the commercialization of innovative embedded processors. At Fairchild Semiconductor he was responsible for refocusing a high volume commodity business and dramatically improving business performance. Jerry has a MSEE degree from the University of Vermont.

Jonathan Pfohl, Chief Financial Officer brings more than 25 years of leadership experience in the wireless industry, including roles as CEO of Wireless Express; CFO of Main Street Broadband; CFO of Movida Cellular; and VP, Finance of AirGate PCS, Inc. He has broad and deep experience in funding, planning, SEC reporting, business development and expense control for small to mid-sized companies. Mr. Pfohl has a BS-Management and an MBA-Finance from the University at Buffalo.

Agenda

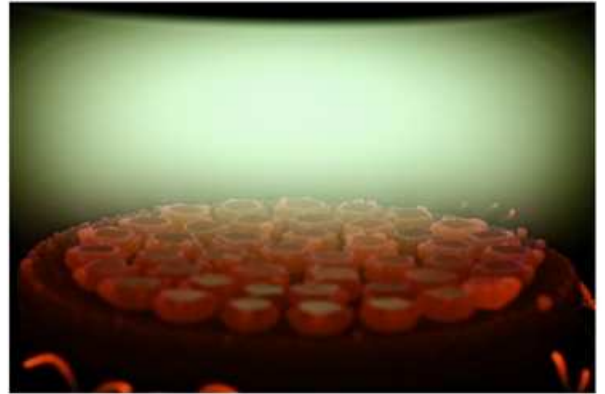
- Welcome
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Where we are

- Capital Raise
 - Received \$700K to date
 - Targeting additional \$1.0M
- Focused on Manufacturing and Markets
- Board has approved Business Plan
- Working toward accepted governance standards of NASDAQ
- Extended our Credit facility

What We Do

- Scio Diamond manufactures
 - Single crystal diamonds
 - High quality and high purity
 - In a controlled lab environment
- Proprietary and patented CVD process
- Physically, optically, chemically identical to mined diamond
- Gem quality in color, clarity, and size. Whites and fancy colors.
- Industrial sizes and consistency
- Lab grown environment offers flexibility for color and size combinations rare in nature



JV for Gem Market

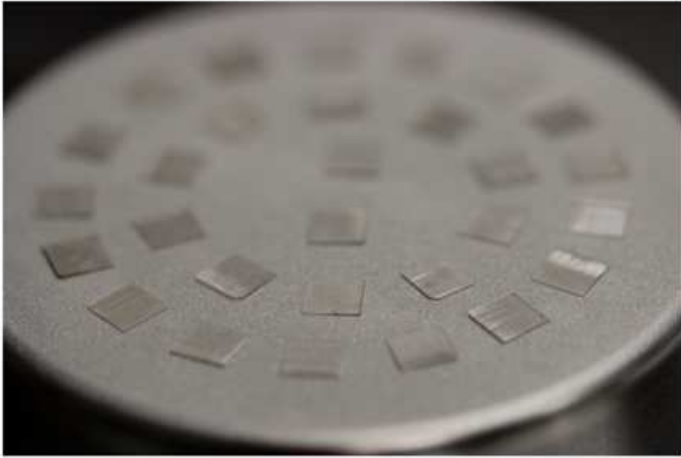
Announced JV for Gem Market

- Goal to deliver industries finest fancy colored created Gems
- Targeting Tier 1 national retailers
- Education is key part of program

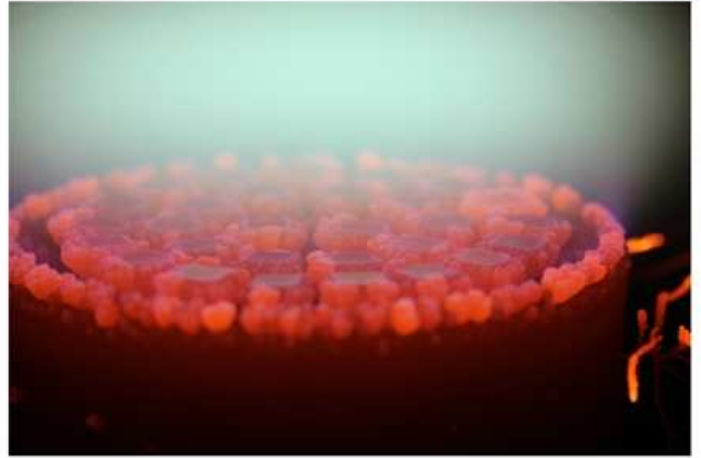


RENAISSANCE™
THE REBIRTH OF THE DIAMOND

Path to a Gem



Seeds Loaded Grower SCIO 03
Run 03140815
August 15, 2014



August 26, 2014
269 hours of growth



August 26, 2014
Whole Crystal with Poly
Diamond

Path to a Gem



September 4, 2014
Cylinder Diamond



September 11, 2014
Color Treated Cylinder
930010008



September 24, 2014
0.52c Vivid Bubble gum Pink
930010008

Market focused on Fancy Color

Right time for Lab Grown Diamonds

The collage consists of three main components:

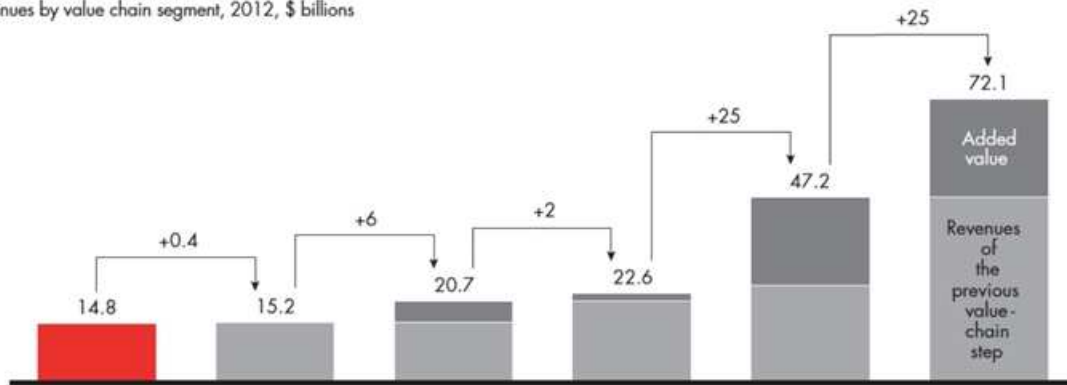
- Left Panel (Bloomberg JCK Marketplace):** A screenshot of a news page with the header "Bloomberg JCK Marketplace TAKE JCK WITH YOU." The main headline is "\$2.1 M 'Em in" by Rob Bass. A "RELATED ARTICLES" section lists items such as "Rare Pink Diamond Ring Snatched From Auction House" and "J.C. Penney's Modern Bird Signature Collection of High-End Diamond Engagement Rings".
- Middle Panel (Bloomberg Article Snippet):** A snippet of an article titled "Rio Tin Demar" by Ailing Gu and Dan. It includes a stock price for RIO:LN at 3057.50 and a quote: "We will see strong government," Jean-A said in an interview, rather than infrastru. The text also mentions "The middle class in compared with 2011 Consultants Ltd. Qi consumption increas" and "China and India, wh growth in diamond presentation".
- Right Panel (Rapaport Magazine):** The cover of Rapaport magazine, Vol. 37 No. 10 October 2014. The main headline is "COLORED DIAMONDS SOURCING, PRICING, SELLING & TOP LOTS". The cover features several large, faceted pink diamonds. The Rapaport logo is at the top right, and the word "DIAMOND" is partially visible at the bottom right.

Gems: A \$72B Industry

Figure 7.4: The greatest add to value comes in jewelry manufacturing and retail sales



Global revenues by value chain segment, 2012, \$ billions



Note: Jewelry manufacturing value is estimated as approximately 65% of retail sales based on the historic average
 Source: IDEX, Tacy Ltd. and Chaim Even-Zohar

Source: Bain and Company report 2013, [Journey through the Value Chain](#)

A New Growth Segment in an Established Market

Frost and Sullivan (March 2014)

-Estimates Lab grown Segment to be 0.2 – 0.6% of polished diamond sales [\$45 – 135M in 2014]

-Penetration small but extremely high growth rate [CAGR 50%]

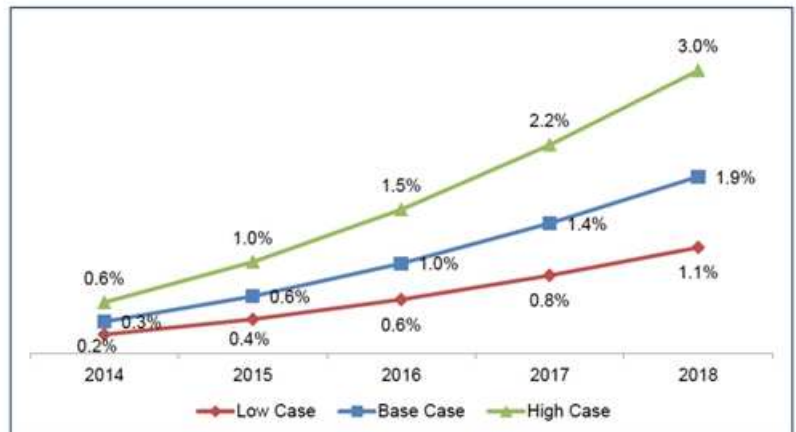


Figure 13: Global forecast of grown polished diamonds sales revenue as a percentage of polished diamonds sales revenue

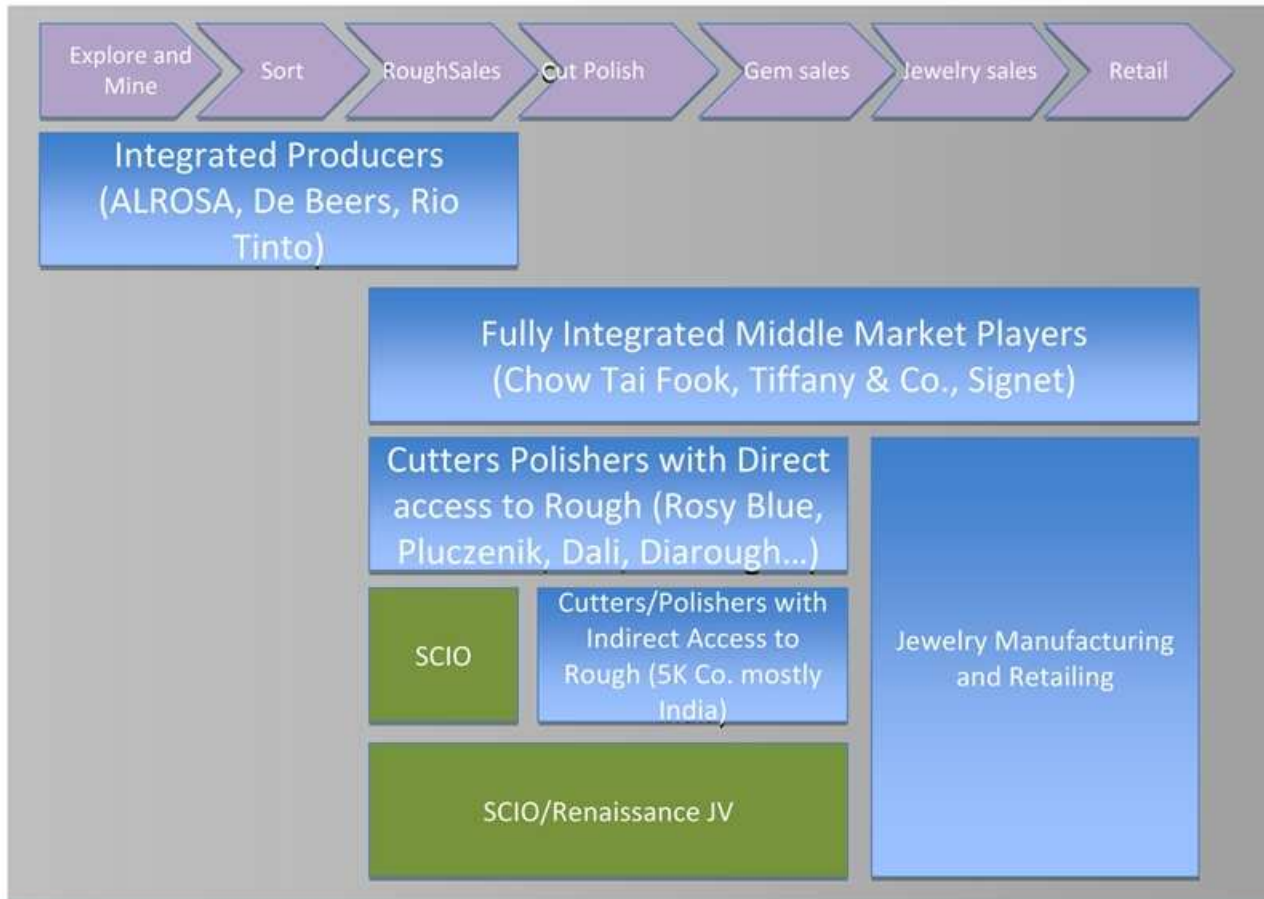
Key Points:

(1) Education is a critical dimension

70% of educated respondents interested in grown v 30% uneducated respondents

(2) Key Buying Criteria: value for money, eco-friendly, certification

Channel to Market



Near Term Opportunities

Gemstones

- Grown in environmentally clean reactor vs mined
- Matched & scalable – stones of same size/color
- White and fancy colors
- Conflict free



Industrial

- Precision cutting, grinding, milling
- Consumable
- Scalable, identical plates



Representative industrial cutting tool images using mono crystalline diamond

Value to Gem and Industrial Markets

Scio has a strong value proposition

- Patented process based on a proprietary growing environment
- Ecologically friendly and conflict free
- Ability to scale, improving economics
- Flexibility in color, size, with clarity for gems and crystal quality for industry
- Opportunity to disrupt traditional channels

Key Intellectual Property

CVD

- A well understood technology to produce high purity solid materials
- SCIO delivers CVD single crystal diamonds >1mm thick using patented process

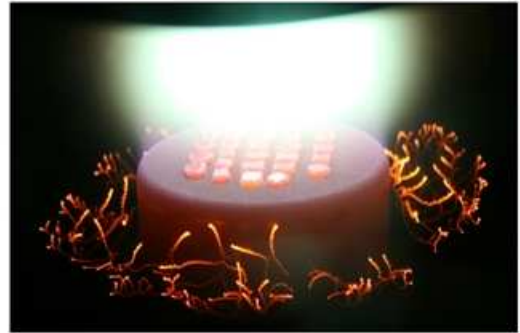
Intellectual Property

- 26 US Patents; 9 Foreign Patents
- 5 Applications in process

Proprietary Information and Trade Secrets

- Custom designed reactors and equipment
- Diamond Recipes
- Seed Recipes and Replication
- Laser Equipment and slicing techniques

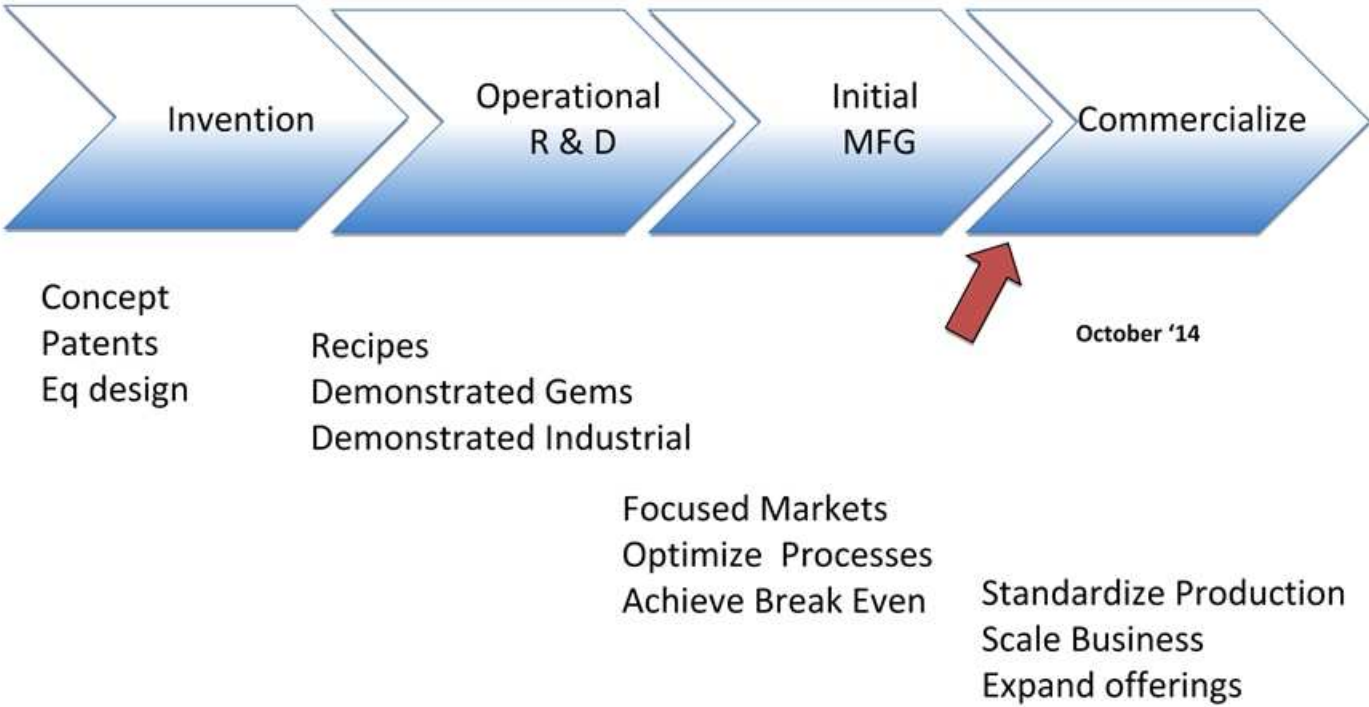
SCIO Proprietary CVD Process



SCIO Proprietary Reactors



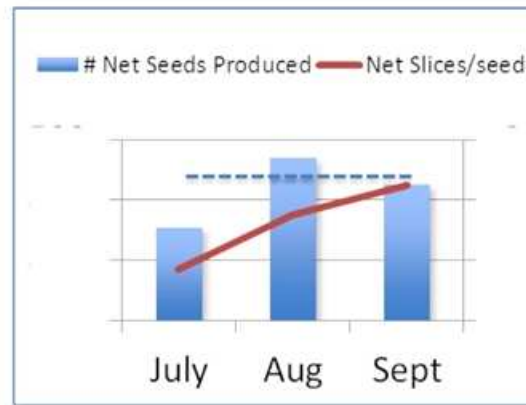
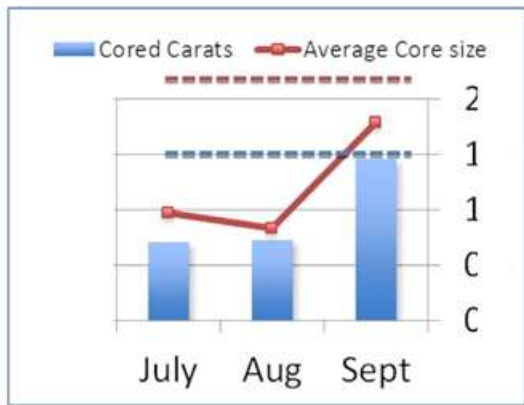
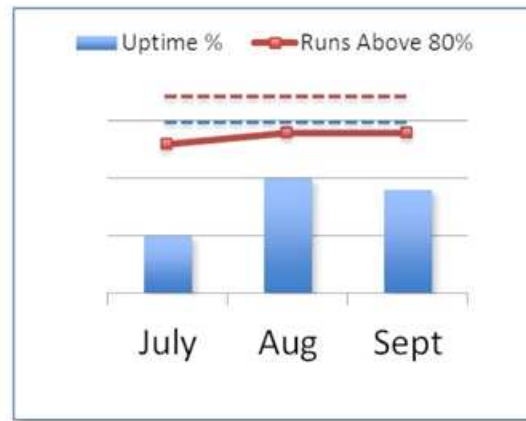
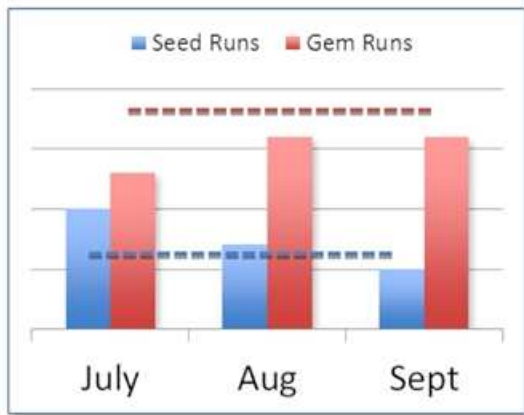
At the Cusp of Commercialization



Near Term Growth in 3 Phases



2Q15 Production Dashboard



China JV

Status:

- Current plan is for first production material in 2H15
- Revenue to Scio will be in FY16

* Assumes: 540 growers, 80% yield, 80 ½ carat stones run, 2week run

Summary

Company is positioned for growth

- Proprietary and patent protected equipment and processes
- Meaningful progress in commercialization and operations
- Excellent opportunity in gem market with Renaissance JV
- Targeting break even at end of FY (March '15)
- Working capital and expansion capital a focus

