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

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2014

OR

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________

COMMISSION FILE NUMBER 000-54697

3DICON CORPORATION
(Exact Name of small business issuer as specified in its charter)

Oklahoma	73-1479206
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6804 South Canton Avenue, Suite 150, Tulsa, Oklahoma 74136
(Address of principal executive offices) (Zip Code)

Issuer's Telephone Number: (918) 494-0505

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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 definition of "large *accelerated filer*", "accelerated *filer*" and "smaller *reporting company*" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐ (do not check if smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 14, 2014, the issuer had 409,369,764 outstanding shares of Common Stock.

TABLE OF CONTENTS

PART I

Item 1. Financial Statements.

INDEX TO FINANCIAL STATEMENTS

3DIcon CORPORATION
(A Development Stage Company)
BALANCE SHEETS
June 30, 2014 and December 31, 2013

	June 30, 2014 (Unaudited)	December 31, 2013
Assets		
Current assets:		
Cash	$ 10,357	$ 70,769
Prepaid expenses	16,591	13,919
Total current assets	26,948	84,688
Deferred debt costs, net	-	25,455
Deposits-other	2,315	2,315
Total Assets	$ 29,263	$ 112,458
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Current maturities of convertible notes and debentures payable	$ 474,293	$ 612,744
Warrant exercise advances	47,881	185,671
Accounts payable	289,987	140,410
Accrued salaries	83,228	1,713
Accrued interest on debentures	25,847	22,751
Total current liabilities	921,236	963,289
Total Liabilities	921,236	963,289
Common stock subject to put rights and call right, 1,685,714 shares	485,649	485,649
Stockholders' deficiency:		
Preferred stock, Series A convertible, $0.0002 par value, 500,000 shares authorized; 385,000 and 195,000 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	77	39
Common stock $0.0002 par, 1,500,000,000 shares authorized; 372,214,006 and 248,191,444 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	74,443	49,638
Additional paid-in capital	19,249,218	18,618,714
Deficit accumulated during development stage	(20,701,360)	(20,004,871)
Total Stockholders' Deficiency	(1,377,622)	(1,336,480)
Total Liabilities and Stockholders' Deficiency	$ 29,263	$ 112,458

See notes to financial statements

3DIcon CORPORATION
(A Development Stage Company)
STATEMENTS OF OPERATIONS
Three and Six Months Ended June 30, 2014 and 2013 and
Period from Inception (January 1, 2001) to June 30, 2014
(unaudited)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	Inception to June 30, 2014
Income:					
License fee	$ -	$ -	$ -	$ -	$ 25,000
Sales	-	-	10,000	1,500	55,297
Grant income	18,000	-	46,748	-	372,136
Total income	18,000	-	56,748	1,500	452,433
Expenses:					
Research and development	33,195	86,837	93,531	190,442	5,144,190
General and administrative	238,409	320,880	616,518	584,852	15,287,921
Interest	20,382	33,116	43,188	53,383	721,682
Total expenses	291,986	440,833	753,237	828,677	21,153,793
Net loss	$ (273,986)	$ (440,833)	$ (696,489)	$ (827,177)	$ (20,701,360)
Loss per share:					
Basic and diluted	$ (0.001)	$ (0.007)	$ (0.002)	$ (0.014)	
Weighted average shares outstanding, Basic and diluted	356,716,660	65,014,503	321,910,863	58,135,328	

See notes to financial statements

3DIcon CORPORATION
(A Development Stage Company)
STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIENCY
Period from Inception (January 1, 2001) to June 30, 2014
(unaudited)

	Preferred Stock		Common Stock		Additional	Deficit Accumulated During the	
	Shares	Par Value	Shares	Par Value	Paid-In Capital	Development Stage	Total
Balance, January 1, 2001 – as reorganized	-	-	27,723,750	$ 27,724	$ 193,488	$ -	$ 221,212
		-					
Accrue compensation earned but unrecorded	-	-	-	-	-	(60,000)	(60,000)
Stock issued for services	-	-	2,681,310	2,681	185,450	-	188,131
Stock issued for cash	-	-	728,500	729	72,121	-	72,850
Net loss for the year		-	-	-	-	(259,221)	(259,221)
Balance, December 31, 2001	-	-	31,133,560	31,134	451,059	(319,221)	162,972
Accrue compensation earned but unrecorded	-	-	-	-	-	(60,000)	(60,000)
Stock issued for services	-	-	3,077,000	3,077	126,371	-	129,448
Stock issued for cash	-	-	1,479,000	1,479	146,421	-	147,900
Net loss for the year	-	-	-	-	-	(267,887)	(267,887)
Balance, December 31, 2002	-	-	35,689,560	35,690	723,851	(647,108)	112,433
Accrue compensation earned but unrecorded	-	-	-	-	-	(90,000)	(90,000)
Stock issued for services	-	-	15,347,000	15,347	-	-	15,347
Stock issued for cash	-	-	1,380,000	1,380	33,620	-	35,000
Reverse split 1:10	-	-	(47,174,904)	-	-	-	-
Par value $0.0001 to $0.0002	-	-	-	(51,369)	51,369	-	-
Net loss for the year	-	-	-	-	-	(51,851)	(51,851)
Balance, December 31, 2003	-	-	5,241,656	1,048	808,840	(788,959)	20,929
Additional founders shares issued	-	-	25,000,000	5,000	(5,000)	-	-
Stock issued for services	-	-	24,036,000	4,807	71,682	-	76,489
Stock issued for cash	-	-	360,000	72	28,736	-	28,808
Warrants issued to purchase common stock at $.025	-	-	-	-	18,900	-	18,900
Warrants issued to purchase common stock at $.05	-	-	-	-	42,292	-	42,292
Stock warrants exercised	-	-	2,100,000	420	60,580	-	61,000
Net loss for the year	-	-	-	-	-	(617,875)	(617,875)
Balance, December 31, 2004	-	-	56,737,656	11,347	1,026,030	(1,406,834)	(369,457)
Stock issued for services	-	-	5,850,000	1,170	25,201	-	26,371
Stock issued to settle liabilities	-	-	5,000,000	1,000	99,000	-	100,000
Stock issued for cash	-	-	1,100,000	220	72,080	-	72,300
Warrants issued to purchase common stock at $.025	-	-	-	-	62,300	-	62,300
Warrants issued to purchase common stock at $.05	-	-	-	-	140,400	-	140,400
Stock warrants exercised	-	-	5,260,000	1,052	172,948	-	174,000
Net loss for the year	-	-	-	-	-	(592,811)	(592,811)
Balance, December 31, 2005	-	-	73,947,656	14,789	1,597,959	(1,999,645)	(386,897)
Stock issued for services	-	-	4,700,000	940	205,597	-	206,537
Debentures converted	-	-	3,000,000	600	149,400	-	150,000
Stock issued for cash	-	-	200,000	40	16,160	-	16,200
Warrants issued to purchase common stock	-	-	-	-	33,800	-	33,800
Warrants converted to purchase common stock	-	-	16,489,000	3,297	565,203	-	568,500
Net loss for the year	-	-	-	-	-	(1,469,888)	(1,469,888)
Balance, December 31, 2006	-	-	98,336,656	19,666	2,568,119	(3,469,533)	(881,748)
Stock issued for services	-	-	817,727	164	155,262	-	155,426
Stock issued for interest	-	-	767,026	153	38,198	-	38,351
Stock based compensation	-	-	-	-	1,274,666	-	1,274,666
Debentures converted	-	-	17,215,200	3,442	1,673,741	-	1,677,183
Stock issued for cash	-	-	1,188,960	238	191,898	-	192,136
Options exercised	-	-	222,707	45	(45)	-	-
Warrants issued to purchase common stock	-	-	-	-	87,864	-	87,864
Warrants converted to purchase common stock	-	-	8,585,956	1,717	462,203	-	463,920
Net loss for the year	-	-	-	-	-	(3,928,996)	(3,928,996)
Balance, December 31, 2007	-	-	127,125,232	25,425	6,451,906	(7,398,529)	(921,198)
Stock issued for cash	-	-	515,677	103	24,897	-	25,000
Warrants exercised	-	-	1,347,261	269	362,425	-	362,694
Stock based compensation	-	-	-	-	654,199	-	654,199
Debentures converted	-	-	15,257,163	3,052	962,257	-	965,309
Options exercised and escrowed shares	-	-	8,671,460	1,734	(1,734)	-	-
Stocks issued for service	-	-	4,598,973	920	312,880	-	313,800
Net loss for the year	-	-	-	-	-	(3,611,550)	(3,611,550)
Balance, December 31, 2008	-	-	157,515,766	31,503	8,766,830	(11,010,079)	(2,211,746)
Stock issued for cash	-	-	20,607,841	4,122	197,878	-	202,000
Warrants exercised	-	-	35,100	7	382,583	-	382,590
Debentures converted	-	-	77,451,141	15,490	467,514	-	483,004
Stocks issued for service	-	-	68,506,130	13,701	524,653	-	538,354
Stock issued for accounts payable	-	-	11,264,706	2,253	321,409	-	323,662
Stock issued for interest	-	-	8,310,128	1,662	41,647	-	43,309
Warrants issued for accounts payable	-	-	-	-	13,505	-	13,505
Net loss for the year	-	-	-	-	-	(1,566,835)	(1,566,835)
Balance, December 31, 2009	-	-	343,690,812	68,738	10,716,019	(12,576,914)	(1,792,157)
Stock issued for cash	-	-	5,714,286	1,143	8,857	-	10,000
Warrants exercised	-	-	47,523	9	517,991	-	518,000
Debentures converted	-	-	255,650,977	51,130	228,061	-	279,191

Stock issued for services	-	-	97,684,416	19,538	213,348	-	232,886
Stock issued for liabilities	-	-	48,657,897	9,732	204,682	-	214,414
Stock issued for interest	-	-	6,093,396	1,218	15,843	-	17,061
Stock based compensation	-	-	-	-	418,112	-	418,112
Net loss for the year	-	-	-	-	-	(1,523,737)	(1,523,737)
Balance, December 31, 2010	-	-	757,539,307	151,508	12,322,913	(14,100,651)	(1,626,230)
Warrants and options exercised	-	-	12,308,915	2,462	754,378	-	756,840
Debentures converted	-	-	252,267,600	50,453	653,093	-	703,546
Stock issued for services	-	-	30,072,595	6,015	349,190	-	355,205
Stock issued for liabilities	-	-	97,530,393	19,506	536,521	-	556,027
Stock issued for interest	-	-	7,094,511	1,419	41,533	-	42,952
Escrowed shares cancelled	-	-	(4,310,446)	(862)	862	-	-
Stock based compensation	-	-	-	-	285,600	-	285,600
Retrospective adjustment for the 1:35 reverse common stock split on April 27, 2012	-	-	(1,119,574,221)	(223,915)	223,915		
Net loss for the period	-	-	-	-	-	(2,320,469)	(2,320,469)
Balance, December 31, 2011	-	-	32,928,654	6,586	15,168,005	(16,421,120)	(1,246,529)
Warrants and options exercised	-	-	2,285	1	871,051	-	871,052
Debentures converted	-	-	9,884,674	1,976	37,803	-	39,779
Stock issued for interest	-	-	1,076	1	2,046	-	2,047
Stock issued for services	-	-	2,248,640	450	245,650	-	246,100
Stock issued for liabilities	-	-	869,510	173	366,191	-	366,364
Stock based compensation	-	-	-	-	354,040	-	354,040
Net loss for the period	-	-	-	-	-	(2,101,702)	(2,101,702)
Balance, December 31, 2012	-	-	45,934,839	9,187	17,044,786	(18,522,822)	(1,468,849)
Warrants and options exercised	-	-	1,103	1	420,739	-	420,740
Debentures converted	-	-	175,264,242	35,053	533,775	-	568,828
Stock issued for services	-	-	25,892,479	5,178	290,172	-	295,350
Stock issued for liabilities	-	-	1,098,751	219	31,281	-	31,500
Preferred stock and options issued for cash	195,000	39	-	-	267,961	-	268,000
Warrants issued to purchase common stock					30,000		30,000
Net loss for the period	-	-	-	-	-	(1,482,049)	(1,482,049)
Balance December 31, 2013	195,000	39	248,191,414	49,638	18,618,714	(20,004,871)	(1,336,480)
Warrants and options exercised	-	-	778	1	296,480	-	296,481
Debentures converted	-	-	96,218,190	19,244	67,856	-	87,100
Stock issued for services	-	-	24,605,571	4,921	85,579	-	90,500
Stock issued for liabilities	-	-	3,198,053	639	(9,373)	-	(8,734)
Preferred stock and options issued for cash	190,000	38	-	-	155,036	-	155,074
Warrants issued to purchase common stock	-	-	-	-	34,926	-	34,926
Net loss for the period	-	-	-	-	-	(696,489)	(696,489)
Balance June 30, 2014	385,000	$ 77	372,214,006	$ 74,443	$ 19,249,218	$ (20,701,360)	$ (1,377,622)

See notes to financial statements

3DIcon CORPORATION
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
Six Months Ended June 30, 2014 and 2013
and Period from Inception (January 1, 2001) to June 30, 2014
(unaudited)

Cash Flows from Operating Activities	**June 30, 2014**	**June 30, 2013**	**Inception to June 30, 2014**
Net loss	$ (696,489)	$ (827,177)	$ (20,701,360)
Adjustments to reconcile net loss to net cash used in operating activities:			
Options issued for services	-	-	2,986,618
Stock issued for services	90,500	62,550	2,869,944
Stock issued for interest	-	-	143,719
Book value of assets retired	-	-	6,529
Amortization of debt issuance costs	64,784	30,860	375,465
Depreciation	-	3,082	37,000
Impairment of assets	-	-	292,202
Change in:			
Accounts receivable	-	13,028	
Prepaid expenses and other assets	(2,672)	6,057	(267,306)
Accounts payable and accrued liabilities	225,454	222,885	2,780,539
Net cash used in operating activities	(318,423)	(488,715)	(11,476,650)
Cash Flows from Investing Activities			
Purchase of office furniture and equipment	-	-	(43,529)
Net cash used in investing activities	-	-	(43,529)
Cash Flows from Financing Activities			
Proceeds from stock and warrant sales, exercise of warrants and warrant exercise advances	348,691	421,810	6,596,067
Proceeds from issuance of debentures, notes and options	25,000	185,000	5,170,659
Cash paid on debentures	(115,680)	-	(236,200)
Net cash provided by financing activities	258,011	606,810	11,530,526
Net change in cash	(60,412)	118,095	10,347
Cash, beginning of period	70,769	1,350	10
Cash, end of period	$ 10,357	$ 119,445	$ 10,357
Supplemental Disclosures			
Non-Cash Investing and Financing Activities			
Conversion of debentures to common stock (net)	$ 87,100	$ 238,685	$ 4,953,389
Cash paid for interest	$ 763	$ 18,816	$ 325,604
Stock issued to satisfy payables	$ (8,734)	$ 31,500	$ 2,376,383
Debenture issued to satisfy payable	$ -	$ -	$ 352,547
Stock issued subject to put rights and call right to satisfy payables	$ -	$ -	$ 485,649

See notes to financial statements

3DIcon CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
June 30, 2014
(Unaudited)

Note 1 – Uncertainties and Use of Estimates

Basis of Presentation

The accompanying financial statements of 3DIcon Corporation (the “Company”) have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures made are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the Company's year-end audited financial statements and related footnotes included in the previously filed 10-K. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of the Company as of June 30, 2014, and the statements of its operations for the three and six months ended June 30, 2014 and June 30, 2013, and the period from inception (January 1, 2001) to June 30, 2014, and cash flows for the six month periods ended June 30, 2014 and 2013, and the period from inception (January 1, 2001) to June 30, 2014, have been included. The results of operations for interim periods may not be indicative of the results which may be realized for the full year.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities. Actual results could differ from the estimates and assumptions used.

Revenue Recognition

Revenues from software license fees are accounted for in accordance with Accounting Standards Codification (“ASC”) 985-605, “Software Revenue Recognition”. The Company recognizes sales revenue when (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the sales price is fixed or determinable; and (iv) collectability is reasonably assured.

Grant revenue is recognized when earned.

Recent Accounting Pronouncements

In June 2014, the FASB issued “Development Stage Entities – Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation” (“ASU 2014-10”). ASU 2014-10 eliminates the concept of a development stage entity, thereby eliminating the financial reporting distinction between development stage entities and other reporting entities. As a result of the elimination, certain financial reporting disclosures have been eliminated as well, including the presentation of inception-to-date information and the labeling of financial statements as those of a development stage entity. ASU 2014-10 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. Early adoption of this standard is permitted, and we expect to adopt for the fiscal year ending December 31, 2014. Subsequent to the adoption of ASU 2014-10, the Company will no longer present inception-to-date information in our statements of operations, cash flows, and stockholders’ equity .

Uncertainties

The accompanying financial statements have been prepared on a going concern basis. The Company is in the development stage and has insufficient revenue and capital commitments to fund the development of its planned product and to pay operating expenses.

The Company has realized a cumulative net loss of $20,701,360 for the period from inception (January 1, 2001) to June 30, 2014, and a net loss of $696,489 and $827,177 for the six months ended June 30, 2014 and 2013, respectively.

The ability of the Company to continue as a going concern depends on the successful completion of the Company's capital raising efforts to fund the development of its planned products. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management plans to fund the future operations of the Company with existing cash of $10,357, grants and investor funding. Under the terms of the Golden State 4.75% Convertible Debenture due on December 31, 2014, Golden State is obligated to submit conversion notices in an amount such that Golden State receives 1% of the outstanding shares of the Company every calendar quarter for a period of one year. In connection with each conversion, Golden State is expected to simultaneously exercise a percentage of warrants equal to the percentage of the principal being converted. The warrants are exercisable at $381.50 per share. The number of warrants exercisable is subject to certain beneficial ownership limitations contained in the 4.75% Convertible Debenture (“the Beneficial Ownership Limitations”). The Beneficial Ownership Limitations prevent Golden State from converting on the 4.75% Convertible Debenture or exercising warrants if such conversion or exercise would cause Golden State’s holdings to exceed 9.99% of the Company’s issued and outstanding common stock. Subject to the Beneficial Ownership Limitations and provided that Golden State is able to sell the shares under Rule 144, Golden State is required to convert $85.71 of the 4.75% Convertible Debenture and exercise 857 warrants per month. Based upon the current stock price, the issued and outstanding shares as of June 30, 2014 and ignoring the impact of the Beneficial Ownership Limitations, the Company may receive up to $327,000 per month in funding from Golden State as a result of warrant exercises. Due to the Beneficial Ownership Limitations, the Company received $158,691 in advances from Golden State during the six-month period ended June 30, 2014. Such advances are recorded within warrant exercise advances on the balance sheets when received.

On July 2, 2013, the Company was awarded a $300,000 grant in the 2013 Oklahoma Applied Research Support competition sponsored by the Oklahoma Center for the Advancement of Science and Technology (“OCAST”). The grant will be used to support the development of the Company’s first Product Platform, which will be the basis for a family of products based on the Company’s CSpace® volumetric 3D display technology (see Note 3).

Joint Development Agreement with Schott Defense

As part of the Company’s federal funding strategy, the Company intends to effectively compete by forming interdisciplinary teams with potential strategic partners (large and small), academic and commercial laboratories, and systems integrators providing integrated data visualization solutions. The first of these partnerships was reached in March 2014 when the Company signed a Joint Development Agreement with Schott Defense, a federally focused subsidiary of Schott North America.

Additionally, the Company is continuing to pursue financing through private offering of debt or common stock.

Note 2 – Sponsored Research Agreement ("SRA") Common Stock Subject to Put Rights and Call Right

Since April 20, 2002, the Company has entered into a number of SRA’s with the University of Oklahoma (“OU”) as follows:

Phase I: “Pilot Study to Investigate Digital Holography,” April 20, 2004. The Company paid OU $14,116.

Phase II: “Investigation of 3-Dimensional Display Technologies,” April 15, 2005, as amended. The Company paid OU $528,843.

Phase III: “3-Dimensional Display Development.” The Company made partial payment to OU by issuing 121,849 post-split equivalent shares (4,264,707 pre-split shares) with a market price of $290,000 on October 14, 2008 and final payment on December 1, 2010 in the amount of $525,481 of which $40,481 was in cash and 1,685,714 post-split equivalent shares (59,000,000 pre-split) of Company stock (the “Shares”). The Shares are subject to an OU ‘put’ right and a 3Dicon ‘call’ right.

OU “Put” Rights on the Shares

First “put” period: December 1, 2012 to November 30, 2013. If the shares (held plus previously sold) are valued at less than $100,000 then OU can “put” one-tenth of the shares for $50,000 plus accrued interest retro-active to December 1, 2012 less the value of sold shares. OU currently holds 1,807,563 post-split shares with a market value of less than $100,000. Under the terms of put rights, the put rights could be exercised by OU and the Company would be obligated to pay OU $50,000.

Second “put” period: December 1, 2013 to November 30, 2014. If the shares (held & previously sold) are valued at less than $970,000 than OU can “put” the remaining shares for $485,000 plus accrued interest retro-active to December 1, 2012 less the value of shares previously sold or redeemed during the first “put.”

3DIcon “Call” rights on the Shares

Commencing December 1, 2012, the Company shall have the right to “call” the shares for an amount equal to $970,000 less the amount (if any) of prior shares by OU including amounts “put” to 3DIcon.

The Company has presented the shares outside of deficit in the mezzanine section of the balance sheets, as the Agreement includes put rights, which are not solely within the control of the Company.

The SRA also amended the previously existing agreements between the Company and OU such that all intellectual property, including all inventions and or discoveries, patentable or un-patentable, developed before July 28, 2008 by OU under the SRA is owned by OU. All intellectual property, including all inventions and/or discoveries, patentable or un-patentable, developed jointly by the Company and OU at any time is jointly owned by the Company and OU. Finally, all intellectual property developed by the Company after July 28, 2008, including all inventions and or discoveries, patentable or un-patentable, is owned by the Company.

Note 3 – OCAST Grant

In July 2013, the Company was awarded a two year grant from OCAST. This is the second $300,000 grant received from OCAST. The first grant was completed in August 2012. This matching grant is for a total of $300,000 and commenced September 1, 2013. The Company received $46,748 in funding during the six-month period ended June 30, 2014. The funds are being used to support the development of the Company’s first Product Platform, which will be the basis for a family of products based on the Company’s CSpace® volumetric 3D display technology.

Note 4 – Debentures and Notes Payable

Debentures payable consist of the following:

	June 30, 2014	December 31, 2013
Senior Convertible Debentures:		
10% Convertible debentures to Directors due December 2014	$ 30,000	$ 30,000
10% Convertible debenture due September 2014	29,007	29,007
4.75% Convertible debenture due December 2014	67,085	69,805
5.5.0% Convertible notes due December 2014 (net of $9,261and $19,115 OID)	83,201	123,590
15% Senior Convertible bridge notes due 2014 (net of $-0- and $23,500 OID)	205,000	181,500
Settlement Agreement 3(a)(10)	-	118,842
10% Convertible bridge note to Director due December 2014	60,000	60,000
Total Debentures	474,293	612,744
Less - Current Maturities	(474,293)	(612,744)
Long-term Debentures	$ -	$ -

10% Convertible Director Debentures

On June 24, 2013, the Company issued to Victor Keen and Martin Keating, Directors of the Company ("Directors"), 10% convertible debentures in a principal amount of $15,000 each, due June 26, 2014 and subsequently extended to December 26, 2014. The Directors may elect to convert all or any portion of the outstanding principal amount of the debentures at an exercise price of $0.01 per share. Provided that the debentures are paid in full on or before the maturity date, no interest shall accrue on the unpaid balance of the principal amount. In the event that the debentures are not paid in full on or before the maturity date, interest shall accrue on the unpaid outstanding balance of the principal amount of the debentures from June 26, 2013, until paid, at the fixed rate of ten percent (10%) per annum.

10% Convertible Debenture Due Newton, O'Connor, Turner & Ketchum

On December 20, 2012, the Company issued to Newton, O'Connor, Turner & Ketchum ("NOTK") a 10% convertible debenture in a principal amount of $29,007, initially due September 30, 2013 and extended to September 30, 2014. NOTK may elect to convert all or any portion of the outstanding principal amount of the debenture at an exercise price of $0.02534 per share. The Company was indebted to NOTK for legal services performed for the Company and reimbursement of expenses in rendition of those services for the period ended December 31, 2012. The debenture was issued in settlement of the indebtedness.

4.75% Convertible Debenture due December 31, 2014

On November 3, 2006, the Company issued to Golden State a 4.75% convertible debenture in a principal amount of $100,000, due in 2014, and warrants to buy 28,571 shares of the common stock at an exercise price of $381.50 per share. In connection with each conversion, Golden State is expected to simultaneously exercise a percentage of warrants equal to the percentage of the principal being converted. During 2013, Golden State converted $3,860 of the $100,000 debenture into 37,651,544 shares of common stock, exercised warrants to purchase 1,103 shares of common stock at $381.50 per share based on the formula in the convertible debenture. Additionally Golden State advanced $671,810 against future exercises of warrants of which $420,740 was applied to the exercise of warrants leaving $185,671 of unapplied advances at December 31, 2013. During 2014, Golden State converted $2,720 of the $100,000 debenture into 51,507,490 shares of common stock, exercised warrants to purchase 778 shares of common stock at $381.50 per share based on the formula in the convertible debenture. Additionally Golden State advanced $158,690 against future exercises of warrants of which $296,480 was applied to the exercise of warrants leaving $47,881 of unapplied advances at June 30, 2014.

The conversion price for the 4.75% $100,000 convertible debenture is the lesser of (i) $140; or (ii) 80% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. If Golden State elects to convert a portion of the debenture and, on the day that the election is made, the volume weighted average price is below $0.70, the Company shall have the right to prepay that portion of the debenture that Golden State elected to convert, plus any accrued and unpaid interest, at 135% of such amount.

5% Convertible Bridge Notes

On June 6, 2012 and August 1, 2012, the Company issued and sold convertible promissory notes (the "5% Notes") in aggregate principal amount of $415,000 to JMJ Financial ("JMJ"). The 5% Notes includes a $40,000 original issue discount (the "OID") that will be prorated based on the advances actually paid to the Company. During 2012, JMJ advanced $150,000 on the 5% Notes and earned $14,000 OID. During 2013, JMJ advanced an additional $120,000 on the 5% Notes and earned $32,205 OID and accrued interest. During 2013, JMJ converted $203,700 of the 5% Notes into 31,854,924 shares of common stock at an average of $0.00639 per share based on the formula in the 5% Notes. During 2014, JMJ advanced an additional $25,000 on the 5% Notes and earned $5,975 OID and accrued interest. During 2014, JMJ converted $81,217 of the 5% Notes into 26,400,000 shares of common stock at an average of $0.0031 per share based on the formula in the 5% Notes. In addition to the OID, the 5% Notes provides for a one-time interest charge of 5% to be applied to the principal sum advanced. Pursuant to the terms of 5% Notes, JMJ may, at its election, convert all or a part of the $275,000 note and the $140,000 note into shares of the Company's common stock at a conversion rate equal to the lesser of (i) $0.15 and $0.35, respectively or (ii) 70% of the lowest trade price during the twenty-five trading days prior to JMJ's election to convert. If the Company repays the 5% Notes on or before ninety days from the date it was issued, the interest rate will be zero percent. If the Company does not repay the 5% Notes on or before ninety days from the date it was issued, a one-time interest charge of 5% shall be applied to the principal. The Company did not repay the 5% Notes within the ninety day period and $20,750 of interest has been expensed. The principal of the 5% Notes is due one year from the date of each of the principal amounts advanced.

The 5% Notes were subject to a Mandatory Registration Agreement (the "Registration Agreement") whereby no later than August 31, 2012, the Company agreed to file, at its own expense, an amendment (the "Amendment") to the S-1 Registration Statement (the "Registration Statement") the Company filed with the SEC on July 3, 2012, to include in such Amendment 4,750,000 shares of common stock issuable under the 5% Notes. The Company agreed, thereafter, to use its best efforts to cause such Registration Statement to become effective as soon as possible after such filing but in no event later than one hundred and twenty (120) days from the date of the Registration Agreement. Since the Company failed to get the Registration Statement declared effective within the 120 days of the date of the Registration Agreement, a penalty/liquidated damages of $25,000 was added to the balance of the 5% Notes.

10% Convertible Bridge Note to Director

On January 26, 2013, the Company entered into an amendment agreement (the "Keen Amendment") with Victor F. Keen. The Pursuant to the Keen Amendment, Mr. Keen agreed to extend the maturity date of the Keen Bridge Note from December 10, 2012 to April 30, 2013 and to waive any and all defaults, default interest and Liquidated Damages then due to Mr. Keen.

On July 30, 2013, the Company entered into a second amendment agreement (the "Second Keen Amendment") with Victor Keen, a Director on the Board of Directors of the Company, to amend the Keen Bridge note.

Pursuant to the Second Keen Amendment, Mr. Keen agreed to extend the maturity of the Note from April 30, 2013 to August 31, 2013 (the "New Maturity Date") and to waive, if any, existing or prior defaults under the Keen Bridge Note or the Keen SPA and the Company agreed to (i) amend the conversion provision to allow for conversions based on a conversion price calculated on the Amendment Date or the New Maturity Date; and (ii) to include an interest rate equal to 10% per annum, payable on the New Maturity Date, as amended, which accrual shall commence on December 10, 2012.

On September 30, 2013, the Company entered into a third amendment agreement (the "Third Keen Amendment") with Mr. Keen. Pursuant to the Third Keen Amendment, Mr. Keen agreed to extend the maturity of the Note from August 31, 2013 to December 31, 2013 and to waive, if any, existing or prior defaults under the Keen Bridge Note or the Keen SPA.

On January 27, 2014, the Company entered into a fourth amendment agreement (the "Fourth Keen Amendment") with Mr. Keen. Pursuant to the Fourth Keen Amendment, Mr. Keen agreed to extend the maturity of the Note from December 31, 2013 to December 31, 2014 and to waive, if any, existing or prior defaults under the Keen Bridge Note or the Keen SPA.

15% Senior Convertible Bridge Notes Due 2014

On October 1, 2013, the Company issued and sold to an accredited investor a Senior Convertible Note (the "Senior Note") in the principal amount of $205,000 and a warrant to purchase 300,000 shares of the Company's common stock at an exercise price equal to 110% of the closing bid price on September 30, 2013 (the "October 2013 Warrant"). The Senior Note included a $30,750 OID. Accordingly, the Company received $174,250 gross proceeds from which the Company paid legal and documentation fees of $22,500 and placement agent fees of $15,682.

The Senior Note matured on July 1, 2014 and does not carry interest. However, in the event the Senior Note is not paid on maturity, all past due amounts will accrue interest at 15% per annum. At any time subsequent to six months following the Date of Issuance, the Senior Note holder may elect to convert all or any portion of the outstanding principal amount of the Senior Note into shares of Common Stock at a conversion price equal to the lesser of 100% of the Volume Weighted Average Price (VWAP), as reported for the 5 trading days prior to the Date of Issuance or 80% of the average VWAP during the 5 days prior to the date the holder delivers a conversion notice to the Company.

The estimated fair value of the warrants for common stock issued of $2,130 was determined using the Black-Scholes option pricing model. The expected dividend yield of zero is based on the average annual dividend yield as of the issue date. Expected volatility of 173.64% is based on the historical volatility of our stock. The risk-free interest rate of 1.39% is based on the U.S. Treasury Constant Maturity rate for five years as of the issue date. The expected life of five years of the warrant is based on historical exercise behavior and expected future experience.

The October 2013 Warrant is exercisable at any time on or after March 31, 2014 and on or prior to the close of business on March 31, 2019. At the election of the October 2013 Warrant holder, the October 2013 Warrant may be exercised using a cashless exercise method.

Settlement Agreement

On July 26, 2013, the Circuit Court in the 12th Judicial Circuit in and for Sarasota County, Florida (the "Court"), entered an Order Granting Approval of Settlement Agreement (the "Order") approving, among other things, the fairness of the terms and conditions of an exchange pursuant to Section 3(a)(10) of the Securities Act of 1933, as amended, in accordance with a settlement agreement (the "Settlement Agreement") between the Company and IBC Funds, LLC, a Nevada limited liability company ("IBC"), in the matter entitled IBC Funds, LLC v. 3DIcon Corporation, Case No. 2013 CA 5705 NC (the "Action"). IBC commenced the Action against the Company on July 19, 2013 to recover an aggregate of $197,631 of past-due accounts payable of the Company, which IBC had purchased from certain vendors of the Company pursuant to the terms of separate claim purchase agreements between IBC and each of such vendors (the "Assigned Accounts"), plus fees and costs (the "Claim"). The Assigned Accounts relate to certain research, technical, development, accounting and legal services. The Order provides for the full and final settlement of the Claim and the Action. The Settlement Agreement became effective and binding upon the Company and IBC upon execution of the Order by the Court on July 26, 2013.

Pursuant to the terms of the Settlement Agreement approved by the Order, on July 26, 2013, the Company issued 650,000 shares of Common Stock as a settlement fee and agreed to issue, in one or more tranches as necessary, that number of shares equal to $197,631 upon conversion to Common Stock at a conversion rate equal to 65% of the lowest closing bid price of the Common Stock during the ten trading days prior to the date the conversion is requested by IBC minus $0.002. During 2013, IBC converted $78,789 of the note into 53,720,000 shares of common stock at an average of $0.0015 per share based on the formula in the note.

On January 22, 2014 the Company entered into a Mutual Release (the "Release") with IBC pursuant to which each party would release the other party from any and all obligations pursuant to the Settlement Agreement.

In consideration for the Release, IBC accepted and the Company remitted to IBC: (i) a cash payment of $190,000, (ii) an issuance of 9,000,000 shares of the Company's common stock, pursuant to the terms of the Settlement Agreement under the December 18, 2013 Conversion Notice, and (iii) an issuance of 6,810,811 shares of the Company's common stock, pursuant to the terms of the Settlement Agreement under the January 17, 2014 Conversion Notice (together, the "Consideration"). Pursuant to the Release, IBC agreed that the Consideration was accepted as satisfaction in full of the payments due pursuant to the Settlement Agreement.

On January 23, 2014, the Company and IBC filed a Stipulation of Dismissal with Prejudice with the Circuit Court in the 12th Judicial Circuit in and for Sarasota County, Florida.

Note 5 – Common Stock and Paid-In Capital

Registration Statement on Form S-1

Pursuant to a Registration Statement on Form S-1 and the prospectus therein, filed on July 3, 2012, and amendment thereto, the Registration Statement was declared effective on February 13, 2013.

Warrants Issued

As of June 30, 2014, NOTK has warrants outstanding to purchase 125,098 shares of common stock at a price of $3.15 per share that expire on September 30, 2016 and, warrants to purchase 96,024 shares of common stock at a price of $3.15 per share that expire on June 1, 2015. Golden State has warrants outstanding to purchase 19,164 shares of common stock at a price of $381.50 per share which expire December 31, 2014. Global Capital has warrants outstanding to purchase 300,000 shares of common stock at a price of $0.0032 per shares which expire on March 31, 2019. Additionally, in connection with the preferred stock issuance, there are 9,750,000 warrants outstanding to purchase common shares at $0.0055 per share, which expire December 31, 2017, and 9,500,000 warrants outstanding that were issued to Victor Keen, the CEO and Director of the Company, which expire on January 17, 2018.

Common stock and options issued for services and liabilities

During the six-month period ended June 30, 2014, shares of common stock totaling 24,605,571 were issued for consulting services for which the Company recognized $90,500 of expense. Additionally, during the period ending June 30, 2014, shares totaling 7,317,073 were issued to consultants for previous services provided to the Company for which the accounts payable liability was reduced by $15,000.

On April 11, 2013, the Company completed the sale of two options, each to purchase 10,000,000 shares of the Company's common stock (the "Option Agreements") to two accredited investors. One of the accredited investors was Victor Keen, a director on the Board of Directors of the Company. Each of the Option Agreements provide for the option to purchase up to 10,000,000 shares of restricted common stock at a purchase price of $0.01 per share. The holders of the Option Agreements may exercise the option to purchase common stock on a cashless basis for a period of five years. Furthermore, the holders of the Option Agreements were granted "piggyback" registration rights for the inclusion, on a subsequent registration statement, the shares of common stock underlying the Option Agreements. The gross proceeds to the Company for the sale of both Option Agreements were $100,000.

Private Placement

On December 9, 2013 and December 11, 2013 the Company closed on $195,000 in a private placement (the "Private Placement") contemplated by a Securities Purchase Agreement (the "Securities Purchase Agreement"), dated December 9, 2013, pursuant to which the Company sold 195,000 Units (as defined below) to accredited investors (each, an "Investor" and collectively, the "Investors"), one of whom was Victor Keen, the Company's Chief Executive Officer and a member of the board of directors of the Company. Accordingly, at the closings, the Company issued (i) 195,000 shares of its newly designated Series A Convertible Preferred Stock (the "Series A Preferred"), and (ii) warrants ("Warrants") to purchase an aggregate of 9,750,000 shares of Common Stock for gross proceed of $195,000.

On January 23, 2014, the Company sold to Victor Keen, the Company's Chief Executive Officer and a member of the Company's Board of Directors, 190,000 Units for a purchase price of $190,000, as part of the Private Placement (as defined therein) disclosed in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 13, 2013. Pursuant to such Private Placement, the Company has now received aggregate proceeds equal to $385,000. Such Private Placement is now closed.

Under the terms of the Securities Purchase Agreement, the Company sold units ("Units") consisting of: (i) one share of Series A Convertible Preferred Stock and (ii) Warrants to purchase fifty (50) shares of Common Stock. The purchase price of each Unit was $1.00. The total purchase price of the securities sold in the Private Placement was $385,000.

The terms of the Series A Convertible Preferred Stock and Warrants are as follows:

Series A Convertible Preferred Stock

A total of 500,000 shares of Series A Convertible Preferred Stock (the "Series A Preferred Stock") have been authorized for issuance under the Certificate of Designation of Preferences, Rights and Limitation of Series A Convertible Preferred Stock of 3DIcon Corporation (the "Certificate of Designation"), which Certificate of Designation was filed with the Secretary of State of the State of Oklahoma on December 11, 2013. The shares of Series A Preferred Stock have a par value of $0.0002 per share (the "Stated Value"), and shall receive a dividend of 6% of their Stated Value per annum. Under the Certificate of Designation, the holders of the Series A Preferred Stock have the following rights, preferences and privileges:

The Series A Preferred Stock may, at the option of the Investor, be converted at any time after the first anniversary of the issuance of the Series A Preferred Stock or from time to time thereafter into 50,000,000 shares of Common Stock that Such Investor is entitled to in proportion to the 500,000 shares of Series A Preferred so designated in the Certificate of Designation.

The Series A Preferred Stock will automatically be converted into Common Stock anytime the 5 day average VWAP of the Company's Common Stock prior to such conversion is equal to $0.05 or more. Such mandatory conversion would be converted by the same method described above for discretionary conversions.

Except as otherwise required by law, the holders of shares of Series A Preferred Stock shall not have voting rights or powers.

In the event of any (i) liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or ii) sale, merger, consolidation, reorganization or other transaction that results in a change of control of the Company, each holder of a share of Series A Preferred shall be entitled to receive, subject to prior preferences and other rights of any class or series of stock of the Company senior to the Series A Preferred, but prior and in preference to any distribution of any of the assets or surplus funds of the Company to holders of Common Stock, or any other class or series of stock of the Company junior to the Series A Preferred, an amount equal to the Stated Value plus accrued and unpaid dividends (as adjusted for any stock dividends, combinations or splits with respect to such shares) (the "Preference Amount"). After such payment has been made to the holders of Series A Preferred of the full Preference Amount to which such holders shall be entitled, the remaining net assets of the Company available for distribution, if any, shall be distributed pro rata among the holders of Common Stock. In the event the funds or assets legally available for distribution to the holders of Series A Preferred are insufficient to pay the Preference Amount, then all funds or assets available for distribution to the holders of capital stock shall be paid to the holders of Series A Preferred pro rata based on the full Preference Amount to which they are entitled.

The Company may not declare, pay or set aside any dividends on shares of any class or series of capital stock of the Company (other than dividends on shares of Common Stock payable in shares of Common Stock) unless the holders of the Series A Preferred Stock shall first receive, or simultaneously receive, a dividend on each outstanding share of Series A Preferred in an amount equal to the dividend per share that such holders would have received had they converted their shares of Series A Preferred into shares of Common Stock immediately prior to the record date for the declaration of the Common Stock dividend in an amount equal to the average VWAP during the 5 trading days prior to the date such dividend is due.

Warrants

Each Unit under the Securities Purchase Agreement consists of Warrants entitling the Investor to purchase fifty (50) shares of Common Stock for each share of Series A Preferred purchased by such Investor in the Private Placement, at an initial exercise price per share of $0.0055. The exercise price and number of shares of Common Stock issuable under the Warrants are subject to adjustments for stock dividends, splits, combinations and similar events. On or after the first anniversary of the issuance of the Warrants and prior to close of business on fourth anniversary of the issuance of the Warrants and may be exercised at any time upon the election of the holder, provided however, that an Investor may at any given time convert only up to that number of shares of Common Stock so that, upon conversion, the aggregate beneficial ownership of the Company's Common Stock (calculated pursuant to Rule 13d-3 of the Securities Exchange Act of 1934, as amended) of such Investor and all persons affiliated with such Investor, is not more than 4.99% of the Company's Common Stock then outstanding (subject to adjustment up to 9.99% at the Investor's discretion upon 61 days' prior notice).

The $27,000 estimated fair value of warrants for common stock issued in 2013 was determined using the Black-Scholes option pricing model. The expected dividend yield of $0 is based on the average annual dividend yield at the date issued. Expected volatility of 178% is based on the historical volatility of the stock. The risk-free interest rate of 1.38% is based on the U.S. Treasury Constant Maturity rates as of the issue date. The expected life of the warrants of four years is based on historical exercise behavior and expected future experience.

The $34,926 estimated fair value of warrants for common stock issued in 2014 was determined using the Black-Scholes option pricing model. The expected dividend yield of $0 is based on the average annual dividend yield at the date issued. Expected volatility of 180% is based on the historical volatility of the stock. The risk-free interest rate of 1.64% is based on the U.S. Treasury Constant Maturity rates as of the issue date. The expected life of the warrants of four years is based on historical exercise behavior and expected future experience.

Transaction Documents Series A Convertible Preferred Stock

The Securities Purchase Agreement, the Warrants and Certificate of Designation contain ordinary and customary provisions for agreements of this nature, such as representations, warranties, covenants, and indemnification obligations, as applicable. The foregoing descriptions of the Securities Purchase Agreement and the Warrants do not purport to describe all of the terms and provisions thereof and are qualified in their entirety by reference. The Securities Purchase Agreement and the form of Warrant are filed as Exhibits 4.1 and 10.1, respectively, to the Current Report on Form 8-K filed on December 13, 2013.

The following summary reflects warrant and option activity for the six-month period ended June 30, 2014:

	Attached Warrants	Golden State Warrants	Options
Outstanding December 31, 2013	19,771,122	19,693	23,030,274
Granted/purchased	-	-	-
Exercised	-	-	-
Cancelled	-	-	-
Outstanding June 30, 2014	19,771,122	19,693	23,030,274

Stock options are valued at the date of award, which does not precede the approval date, and compensation cost is recognized in the period the options are granted. Stock options generally become exercisable on the date of grant and expire based on the terms of each grant.

The estimated fair value of options for common stock granted was determined using the Black-Scholes option pricing model. The expected dividend yield is based on the average annual dividend yield as of the grant date. Expected volatility is based on the historical volatility of our stock. The risk-free interest rate is based on the U.S. Treasury Constant Maturity rates as of the grant date. The expected life of the option is based on historical exercise behavior and expected future experience.

Note 6 – Incentive Stock Plan

In March 2014, the Company established the 3DIcon Corporation 2014 Equity Incentive Plan (the “2014 EIP”). The total number of shares of stock which may be purchased or granted directly by options, stock awards or restricted stock purchase offers, or purchased indirectly through exercise of options granted under the 2014 EIP shall not exceed fifty million (50,000,000) post-split shares. The shares are included in a registration statement filed March, 2014. Post-split shares totaling 28,922,644 were issued from the 2014 EIP during 2014 for services rendered. There are currently 21,077,356 shares available for issuance under the 2014 EIP.

Note 7 – Office Lease

The Company signed an Office Lease Agreement (the “Lease Agreement”) on April 24, 2008. The Lease Agreement commenced on June 1, 2008 and expired June 1, 2011. On March 8, 2011 the Lease Agreement was amended (amendment 1) to extend the expiration date to May 31, 2012. On July 24, 2012 the Lease Agreement was amended (amendment 2) to extend the expiration date to July 31, 2015. The minimum future lease payments to be paid annually under the three-year non-cancellable amended operating lease for office space are as follows:

2014	11,000
2015	13,000
Total	$24,000

Note 8 – Related Party Transaction

3DIcon has engaged the law firm of Newton, O’Connor, Turner & Ketchum as its outside corporate counsel since 2005. John O’Connor, a director of 3DIcon, is the Chairman of Newton, O’Connor, Turner & Ketchum. During the six-month ending June 30, 2014 and June 30, 2013, the Company incurred legal fees to Newton, O’Connor, Turner & Ketchum in the amount of $3,278 and $14,539, respectively.

Note 9 – Subsequent Events

Common stock issued for services and liabilities

Subsequent to June 30, 2014, Golden State converted $1,500 of the 4.75% convertible debenture into 25,369,615 shares of common stock at $0.00006 per share and exercised 429 warrants at $381.50 per share for $163,500, advanced $115,620 and applied $47,880 of warrant exercise advances leaving $1 in warrant exercise advances under the terms of the securities purchase agreements.

Subsequent to June 30, 2014, JMJ converted $15,435 of the convertible promissory note into 3,500,000 shares of common stock at $0.00441 under the terms of the securities purchase agreements.

Subsequent to June 30, 2014, shares of common stock totaling 3,600,000 were issued for legal services for which the Company recognized $18,000 of expense.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

The information in this report contains forward-looking statements. All statements other than statements of historical fact made in this report are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are forward-looking statements. These forward-looking statements can be identified by the use of words such as “believes,” “estimates,” “could,” “possibly,” “probably,” anticipates,” “projects,” “expects,” “may,” “will,” or “should” or other variations or similar words. No assurances can be given that the future results anticipated by the forward-looking statements will be achieved. Forward-looking statements reflect management’s current expectations and are inherently uncertain. Our actual results may differ significantly from management’s expectations.

The following discussion and analysis should be read in conjunction with our financial statements, included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

Plan of Operation

Background:

3DIcon Corporation (“3DIcon,” “the Company,” “we,” “us” or “our”) was incorporated on August 11, 1995, under the laws of the State of Oklahoma as First Keating Corporation. Our articles of incorporation were amended August 1, 2003 to change the name to 3DIcon Corporation. The initial focus of First Keating Corporation was to market and distribute books written by its founder, Martin Keating. During 2001, First Keating Corporation began to focus on the development of 360-degree holographic technology. The effective date of this transition is January 1, 2001. We have accounted for this transition as reorganization and accordingly, restated its capital accounts as of January 1, 2001. At the inception on January 1, 2001, our primary activity was the raising of capital in order to pursue its goal of becoming a significant participant in the formation and commercialization of interactive, optical holography for the communications and entertainment industries.

In April 2004, we engaged the University of Oklahoma (“University” or “OU”) to conduct a pilot study to determine the opportunity and feasibility for the creation of volumetric three dimensional display systems.

On July 15, 2005, we entered into a SRA with the University, which expired on January 14, 2007. Under this agreement, the University conducted a research project entitled "Investigation of 3-Dimensional Display Technologies".

On February 23, 2007, we entered into an SRA with the University, which SRA expired on March 31, 2010. Under this agreement, the University conducted a research project entitled "3-Dimensional Display Development".

In the fourth quarter of 2007 we announced the release of our first product, "Pixel Precision". On February 12, 2009, version 2.0 of Pixel Precision was released to expand its capabilities and provide new compatibility with Texas Instrument's newly released DLP® Discovery 4000 kits. This is a companion software application to the DMD Discovery line of products manufactured by Texas Instruments®.

The Oklahoma Center for the Advancement of Science and Technology approved the Company’s application for funding of a matching grant titled 800 Million Voxels Volumetric Display, on November 19, 2008. The two-year matching grant, totaling $299,984, had a start date of January 1, 2009. The Company received approval for a no cost extension request for the first year of the contract. Accordingly, the first year ended on August 31, 2010. The award was for a maximum of $149,940 for 2009 and the remainder for 2011. The Company received approval for a no cost extension request for the second year of the contract, extending the second year to August 31, 2012. The Company earned $63,668 and $86,323 from the grant during the years ended December 31, 2012 and 2011, respectively and $281,492 from inception to December 31, 2013. The Company applied for and received the remaining $13,029 of grant funds in 2013 that were earned through the end of the grant period, August 31, 2012.

In July 2013, the Company won first place in the Oklahoma Center for the Advancement of Science and Technology's Oklahoma Applied Research Support competition, securing $300,000 in grant funding over two years. This matching grant had a start date of September 1, 2013. The Company is using the funds provided by the grant to support the development of its First Product Platform, which will be the basis of a family of products leveraging the Company's CSpace® volumetric 3D display technology.

Overview of Business

3DIcon is a small public company that is further developing a patented volumetric 3D display technology that was developed by and with the University under a SRA. The development to date has resulted in multiple new technologies, two working laboratory prototypes (Lab Proto 1 and Lab Proto 2), and eight provisional patents; five of the eight provisional patents have been combined and converted to five utility patents. Under the Sponsored Research Agreement, the Company has obtained the exclusive worldwide marketing rights to these 3D display technologies.

On May 26, 2009, the United States Patent and Trademark Office ("USPTO") approved the pending patent called "Volumetric Liquid Crystal Display" for rendering a three-dimensional image and converted it to US patent No. 7,537,345. On December 28, 2010, USPTO approved the pending patent called "Light Surface Display for Rendering a Three-Dimensional Image," and issued the United States Patent No. 7,858,913. On December 13, 2011, the USPTO approved a continuation patent titled, "3D Light Surface Display," and issued the US patent No. 8,075,139. On August 21, 2012, the USPTO approved a continuation patent called "3D Volumetric Display" and issued the US Patent No. 8,247,755. On July 16, 2013, the USPTO approved the pending patent called "Computer System with Digital Micromirror Device," and converted it to US patent No. 8,487,865.

On August 21, 2012, the USPTO approved a continuation patent called "3D Volumetric Display" and issued the US Patent No. 8,247,755

At this time, we do not own any intellectual property rights in these technologies, and, apart from the SRA with the University, have no contracts or agreements pending to acquire such rights or any other interest in such rights. We plan to market the technology and the intellectual property developed by the University and our staff by targeting various industries, such as retail, manufacturing, entertainment, medical, healthcare, transportation, homeland security and the military. On March 12, 2014, we filed utility application called "Holoform 3D Projection Display". On July 31, 2013, we filed a provisional patent called "Ultra-High-Resolution Volumetric Three-Dimensional Display". This application provides additional configurations and protections of our CSpace technology.

Since March of 2012, the Company has been exploring the possibility of developing and marketing glasses-free flat screen 3D displays based on next generation glasses-free flat screen 3D display technology acquired or licensed from another company. This acquired technology and any resultant display products would be in addition to and complementary with our internally developed CSpace glasses-free volumetric 3D display technology. Recently, the Company has met with multiple glasses-free flat screen 3D display companies, is in discussion with several of these companies about a potential acquisition or partnership, and is engaged in non-binding discussions to acquire one of these companies. Currently, we do not have any agreements in place that would allow such entry into the flat screen segment of the glasses-free 3D display industry and no assurances can be made, if an acquisition or partnership is consummated, that the Company could successfully bring to market such technology.

Progress on Research and Development Activities

Through a SRA with the University, we have obtained the exclusive worldwide marketing rights to certain 3D display technologies under development by the University. The development to date has resulted in the University filing eight provisional patents; five of the eight provisional patents have been combined and converted to five utility US patents, one pending European patent and one pending Japanese patent.

Intellectual Property History, Status & Rights

On May 26, 2009, the USPTO approved the pending patent called "Volumetric Liquid Crystal Display" for rendering a three-dimensional image and converted it to US patent No. 7,537,345. On July 16, 2013, USPTO approved the pending patent called "Computer System with Digital Micromirror Device," and issued US patent No. 8,487,865.

CSpace Patents are as follow: On December 28, 2010, USPTO approved the pending patent called "Light Surface Display for Rendering a Three-Dimensional Image," and issued the United States Patent No. 7,858,913. On December 13, 2011, USPTO approved a continuation patent called "3D Light Surface Display," and issued the US Patent No. 8,075,139. On August 21, 2012, the USPTO approved a continuation patent called "3D Volumetric Display" and issued the US Patent No. 8,247,755. On July 31, 2013, 3DIcon filed provisional patent called "Ultra High-Resolution Volumetric Three-Dimensional Display," (US patent application serial No. 61859145).

Through a SRA with the University, we have obtained the exclusive worldwide marketing rights to certain 3D display technologies under development by the University. The development to date has resulted in the University filing seven provisional patents; six of the seven provisional patents have been combined and converted to four utility patents.

Patents

United States (Issued)

- "Computer System with Digital Micromirror Device," United State Patent 8,487,865. July 16, 2013.
- "3D Volumetric Display," United State Patent 8,247,755. August 21, 2012.
- "3D Light Surface Display," United State Patent 8,075,139. December 13, 2011.
- "Light Surface Display for Rendering a Three-Dimensional Image," United State Patent 7,858,913. December, 28, 2010.
- "Volumetric liquid crystal display for rendering a three-dimensional image," United States Patent 7,537,345. May 26, 2009.

United States, (Provisional Application and Pending)

- "Ultra High-Resolution Volumetric Three-Dimensional Display," (US patent application serial No. 61859145). Filed by 3DIcon Corporation on July 31, 2013.
- "Holoform 3D Projection Display," (US patent application serial No. 14/204,889). Filed by 3DIcon Corporation on March 12, 2014.

European, pending

- "Light Surface Display for Rendering a Three-Dimensional Image," European Application Number EP07755984. Filed April 25, 2007.

Japanese, pending

- "Light Surface Display for Rendering a Three-Dimensional Image." Filed 2007.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2014 COMPARED TO THE THREE MONTHS ENDED JUNE 30, 2013

Revenue

The Company completed the first OCAST grant in August 2012 and did not have any earnings from the first OCAST grant during the three month periods ended June 30, 2014 or June 30, 2013. The second two year matching grant, for a total of $300,000 had a start date of September 1, 2013. We earned $18,000 from OCAST during the three month period ending June 30, 2014.

In January 2008 we launched our first software product Pixel Precision. We appointed Digital Light Innovations for the sales and distribution of this product in March 2008. We did not have income from the sales of Pixel Precision for the three-month periods ended June 30, 2014 and June 30, 2013.

We expect sales of Pixel Precision to the installed and active user base of the earlier D1100 and D3000 systems in the near term and as companion product sales to D4000 systems. We expect that the revenue from this product to contribute to the operating expenses (general and administrative, research and development, interest) but do not expect the revenue generated in 2014 to cover the operating expenses.

Research and Development Expenses

The research and development expenses were $33,195 for the three months ended June 30, 2014, as compared to $86,837 for the three months ended June 30, 2013. The decrease was a result of the decrease in cost for engaging outside research and development consultants of approximately $47,000, a decrease in travel and lodging costs of $3,800, and a decrease in of approximately $2,300 in patent fees.

General and Administrative Expenses

Our general and administrative expenses were $238,409 for the three months ended June 30, 2014, as compared to $320,880 for the three months ended June 30, 2013. The net decrease is due primarily to a decrease in filing fees of $5,600 for the S-8 filed in 2013, and a decrease of $114,600 of legal fees paid in 2013 regarding the DTC chill matter offset by an increase in fees paid to the public relations firm of $30,000, an increase of $7,600 for the shareholders' briefing held in June 2014,

Interest Expense

Interest expense for the three months ended June 30, 2014 was $20, 332 as compared to $33,116 for the three months ended June 30, 2013. The decrease was primarily a result of a decrease extension fees paid on our convertible notes and bridge notes in 2013 of $15,000 and an increase in OID amortization of $2,500.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2014 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2013

Revenue

The Company completed the first OCAST grant in August 2012 and did not have grant income for the six months ended June 30, 2013. We earned $46,748 in grant funding from the second OCAST grant during the six months ended June 30, 2014.

In January 2008 we launched our first software product Pixel Precision. We appointed Digital Light Innovations for the sales and distribution of this product in March 2008. We have earned income of $10,000 and $1,500 before commissions and costs from the sales of Pixel Precision for the six-months ended June 30, 2014 and June 30, 2013, respectively.

We expect sales of Pixel Precision to the installed and active user base of the earlier D1100 and D3000 systems in the near term and as companion product sales to D4000 systems. We expect that the revenue from this product to contribute to the operating expenses (general and administrative, research and development, interest) but do not expect the revenue generated in 2013 to cover the operating expenses.

Research and Development Expenses

The research and development expenses were $93,531 for the six months ended June 30, 2014, as compared to $190,442 for the six months ended June 30, 2013. The net decrease was a result of the decrease in cost for engaging outside research and development consultants of approximately $60,800, a decrease in patent cost of $2,250, a decrease in lab equipment and supplies purchased of $21,900 and a decrease in travel and lodging cost of $12,000.

General and Administrative Expenses

Our general and administrative expenses were $616,518 for the six months ended June 30, 2014, as compared to $584,852 for the six months ended June 30, 2013. The net increase is due primarily to a $69,500 increase in fees to outside consultants engaged to pursue federal grant funding, an increase of $74,300 in fess regarding the 3 a 10 settlement paid in 2014, an increase of $17,800 in consultation fess, a decreases in accounting fees of $3,600, a decrease in filing fees of $3,600, and a decrease in legal fees of $110,700 regarding the DTC matter from 2013.

Interest Expense

Interest expense for the six months ended June 30, 2014 was $43,188 as compared to $53,383 for the six months ended June 30, 2013. The net decrease was a result of an increase in the amount of OID amortized of $8,500 and a decrease of $3,250 in interest costs on our bridge notes and the decrease of extension fees of $15,000.

Financial Condition, Liquidity and Capital Resources

Management remains focused on controlling cash expenses. We recognize our limited cash resources and plan our expenses accordingly. We intend to leverage stock-for-services wherever possible. The operating budget consists of the following expenses:

- Research and development expenses pursuant to our SRA with the University. This includes development of an initial demonstrable prototype and a second prototype for static volume technology.
- Acceleration of research and development through increased research personnel as well as other research agencies.
- General and administrative expenses: salaries, insurance, investor related expenses, rent, travel, website, etc.
- Hiring executive officers for technology, operations and finance.
- Development, support and operational costs related to Pixel Precision software.
- Professional fees for accounting and audit; legal services for securities and financing; patent research and protection.

Our independent registered public accountants, in their audit report accompanying our financial statements for the year ended December 31, 2013, expressed substantial doubt about our ability to continue as a going concern due to our status as a development stage organization with insufficient revenues to fund development and operating expenses.

We had net cash of $10,357 at June 30, 2014.

We had negative working capital of $894,288 at June 30, 2014.

During the six-months ended June 30, 2014, we used $318,423 of cash for operating activities, a decrease of $170,292 or 35% compared to the six-months ended June 30, 2013. The decrease in the use of cash for operating activities was a result of the increase in accounts payable of $149,600, an increase in accrued salaries of $81,500 and an increase of $$28,000 in stock issued for services and an increase in amortization of debt cost of $34,000, a decrease in accounts receivable of $13,000 and a decrease in the net loss of $131,000.

There was no cash used in investing activities during the six-months ended June 30, 2014 or for the six-months ended June 30, 2013.

We expect to fund the ongoing operations through the existing financing in place (see below); through raising additional funds as permitted by the terms of Golden State financing as well as reducing our monthly expenses.

Our ability to fund the operations of the Company is highly dependent on the underlying stock price of the Company.

Director Debenture

On June 24, 2013, the Company issued to Victor Keen and Martin Keating, Directors of the Company, ("Directors") 10% convertible debentures in a principal amount of $15,000 each, due June 26, 2014 and subsequently extended to December 26, 2014. The Directors may elect to convert all or any portion of the outstanding principal amount of the debentures at an exercise price of $0.01 per share. Provided that the debentures are paid in full on or before the maturity date, no interest shall accrue on the unpaid balance of the principal amount. In the event that the debentures are not paid in full on or before the maturity date, interest shall accrue on the unpaid outstanding balance of the principal amount of the debentures from June 26, 2013, until paid, at the fixed rate of ten percent (10%) per annum.

Newton, O'Connor, Turner & Ketchum 10% Convertible Debenture

On December 20, 2012, the Company issued to Newton, O'Connor, Turner & Ketchum ("NOTK") a 10% convertible debenture in a principal amount of $29,007, initially due September 30, 2013 and extended to June 30, 2014. NOTK may elect to convert all or any portion of the outstanding principal amount of the debenture at an exercise price of $0.02534 per share. The Company was indebted to NOTK for legal services performed for the Company and reimbursement of expenses in rendition of those services for the period ended December 31, 2012. The debenture was issued in settlement of the indebtedness.

4.75% Convertible Debenture due December 31, 2014

On November 3, 2006, the Company issued to Golden State a 4.75% convertible debenture in a principal amount of $100,000, due in 2014, and warrants to buy 28,571 shares of the common stock at an exercise price of $381.50 per share. In connection with each conversion, Golden State is expected to simultaneously exercise a percentage of warrants equal to the percentage of the principal being converted. During the year ended December 31, 2012, Golden State converted $7,991 of the $100,000 debenture into 9,577,906 post-split shares of common stock, exercised warrants to purchase 2,285 post-split shares of common stock at $381.50 per share based on the formula in the convertible debenture. Additionally Golden Gate advanced $789,111 against future exercises of warrants of which $805,652 was applied to the exercise of warrants leaving $1.00 of unapplied advances at December 31, 2012. During 2013, Golden State converted $3,860 of the $100,000 debenture into 37,651,544 shares of common stock, exercised warrants to purchase 1,103 shares of common stock at $381.50 per share based on the formula in the convertible debenture. Additionally Golden State advanced $671,810 against future exercises of warrants of which $420,740 was applied to the exercise of warrants leaving $185,671 of unapplied advances at December 31, 2013. During 2014, Golden State converted $2,720 of the $100,000 debenture into 51,507,490 shares of common stock, exercised warrants to purchase 778 shares of common stock at $381.50 per share based on the formula in the convertible debenture. Additionally Golden State advanced $158,690 against future exercises of warrants of which $296,480 was applied to the exercise of warrants leaving $47,881 of unapplied advances at June 30, 2014.

The conversion price for the 4.75% $100,000 convertible debenture is the lesser of (i) $140 or (ii) 80% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. If Golden State elects to convert a portion of the debenture and, on the day that the election is made, the volume weighted average price is below $0.70, the Company shall have the right to prepay that portion of the debenture that Golden State elected to convert, plus any accrued and unpaid interest, at 135% of such amount.

5% Convertible Bridge Notes

On June 6, 2012 and August 1, 2012, the Company issued and sold convertible promissory notes (the "5% Notes") in aggregate principal amount of $415,000 to JMJ Financial ("JMJ"). The 5% Notes includes a $40,000 original issue discount (the "OID") that will be prorated based on the advances actually paid to the Company. During 2012, JMJ advanced $150,000 on the 5% Notes and earned $14,000 OID. During 2013, JMJ advanced an additional $120,000 on the 5% Notes and earned $32,205 OID and accrued interest. During 2013, JMJ converted $203,700 of the 5% Notes into 31,854,924 shares of common stock at an average of $0.00639 per share based on the formula in the 5% Notes. During 2014, JMJ advanced an additional $25,000 on the 5% Notes and earned $5,975 OID and accrued interest. During 2014, JMJ converted $81,217 of the 5% Notes into 26,400,000 shares of common stock at an average of $0.0031 per share based on the formula in the 5% Notes. In addition to the OID, the 5% Notes provides for a one-time interest charge of 5% to be applied to the principal sum advanced. Pursuant to the terms of 5% Notes, JMJ may, at its election, convert all or a part of the $275,000 note and the $140,000 note into shares of the Company's common stock at a conversion rate equal to the lesser of (i) $0.15 and $0.35, respectively or (ii) 70% of the lowest trade price during the twenty-five trading days prior to JMJ's election to convert. If the Company repays the 5% Notes on or before ninety days from the date it was issued, the interest rate will be zero percent. If the Company does not repay the 5% Notes on or before ninety days from the date it was issued, a one-time interest charge of 5% shall be applied to the principal. The Company did not repay the 5% Notes within the ninety day period and $8,750 of interest has been accrued. The principal of the 5% Notes is due one year from the date of each of the principal amounts advanced.

The 5% Notes were subject to a Mandatory Registration Agreement (the "Registration Agreement") whereby no later than August 31, 2012, the Company agreed to file, at its own expense, an amendment (the "Amendment") to the S-1 Registration Statement (the "Registration Statement") the Company filed with the SEC on July 3, 2012, to include in such Amendment 4,750,000 shares of common stock issuable under the 5% Notes. The Company agreed, thereafter, to use its best efforts to cause such Registration Statement to become effective as soon as possible after such filing but in no event later than one hundred and twenty (120) days from the date of the Registration Agreement. Since the Company failed to get the Registration Statement declared effective within the 120 days of the date of the Registration Agreement, a penalty/liquidated damages of $25,000 was added to the balance of the 5% Notes.

10% Convertible Bridge Note to Director

On September 11, 2012, the Company issued and sold to Victor Keen, a Director and an accredited investor a Convertible Bridge Note (the "Keen Bridge Note") in the principal amount of $60,000. The sale of the Keen Bridge Notes in the principal of $60,000 included a $10,000 OID. Accordingly, the Company received $50,000 gross proceeds. The Keen Bridge Note matured 90 days from the date of issuance and, other than the OID, the Keen Bridge Note do not carry interest. However, in the event the Keen Bridge Note is not paid on maturity, all past due amounts will accrue interest at 15% per annum. Upon maturity of the Keen Bridge Note, the holders of the Keen Bridge Note may elect to convert all or any portion of the outstanding principal amount of the Keen Bridge Note into (i) securities sold pursuant to an effective registration statement at the applicable offering price; or (ii) shares of common stock at a conversion price equal to the lesser of 100% of the Volume Weighted Average Price (VWAP), as reported for the 5 trading days prior to (a) the date of issuance of the Keen Bridge Note, (b) the maturity date of the Bridge Note, or (c) the first closing date of the securities sold pursuant an effective registration statement.

On January 26, 2013, the Company entered into an amendment agreement (the "Keen Amendment") with Victor F. Keen. The Pursuant to the Keen Amendment, Mr. Keen agreed to extend the maturity date of the Keen Bridge Note from December 10, 2012 to April 30, 2013 and to waive any and all defaults, default interest and Liquidated Damages then due to Mr. Keen.

On July 30, 2013, the Company entered into a second amendment agreement (the "Second Keen Amendment") with Victor Keen, a Director on the Board of Directors of the Company, to amend the Keen Bridge note.

Pursuant to the Second Keen Amendment, Mr. Keen agreed to extend the maturity of the Note from April 30, 2013 to August 31, 2013 (the "New Maturity Date") and to waive, if any, existing or prior defaults under the Keen Bridge Note or the Keen SPA and the Company agreed to (i) amend the conversion provision to allow for conversions based on a conversion price calculated on the Amendment Date or the New Maturity Date; and (ii) to include an interest rate equal to 10% per annum, payable on the New Maturity Date, as amended, which accrual shall commence on December 10, 2012.

On September 30, 2013, the Company entered into a third amendment agreement (the "Third Keen Amendment") with Mr. Keen. Pursuant to the Third Keen Amendment, Mr. Keen agreed to extend the maturity of the Note from August 31, 2013 to December 31, 2013 and to waive, if any, existing or prior defaults under the Keen Bridge Note or the Keen SPA.

On January 27, 2014, the Company entered into a fourth amendment agreement (the "Fourth Keen Amendment") with Mr. Keen. Pursuant to the Fourth Keen Amendment, Mr. Keen agreed to extend the maturity of the Note from December 31, 2013 to December 31, 2014 and to waive, if any, existing or prior defaults under the Keen Bridge Note or the Keen SPA

15% Senior Convertible Bridge notes due 2014

On October 1, 2013 (the "Date of Issuance"), the Company issued and sold to an accredited investor a Senior Convertible Note (the "Senior Note") in the principal amount of $205,000 and a warrant to purchase 300,000 shares of the Company's common stock at an exercise price equal to 110% of the closing bid price on September 30, 2013 (the "October 2013 Warrant"). The Senior Note included a $30,750 original issue discount. Accordingly, the Company received $174,250 gross proceeds from which the Company paid legal and documentation fees of $22,500 and placement agent fees of $15,682.

The Senior Note matured on July 1, 2014 and does not carry interest. However, in the event the Senior Note is not paid on maturity, all past due amounts will accrue interest at 15% per annum. At any time subsequent to six months following the Date of Issuance, the Senior Note holder may elect to convert all or any portion of the outstanding principal amount of the Senior Note into shares of Common Stock at a conversion price equal to the lesser of 100% of the VWAP, as reported for the 5 trading days prior to the Date of Issuance or 80% of the average VWAP during the 5 days prior to the date the holder delivers a conversion notice to the Company.

The estimated fair value of the warrants for common stock issued of $2,130 was determined using the Black-Scholes option pricing model. The expected dividend yield of zero is based on the average annual dividend yield as of the issue date. Expected volatility of 173.64% is based on the historical volatility of our stock. The risk-free interest rate of 1.39% is based on the U.S. Treasury Constant Maturity rate for five years as of the issue date. The expected life of five years of the warrant is based on historical exercise behavior and expected future experience.

The October 2013 Warrant is exercisable at any time on or after March 31, 2014 and on or prior to the close of business on March 31, 2019. At the election of the October 2013 Warrant holder, the October 2013 Warrant may be exercised using a cashless exercise method.

Settlement Agreement

On July 26, 2013, the Circuit Court in the 12th Judicial Circuit in and for Sarasota County, Florida (the "Court"), entered an Order Granting Approval of Settlement Agreement (the "Order") approving, among other things, the fairness of the terms and conditions of an exchange pursuant to Section 3(a)(10) of the Securities Act of 1933, as amended, in accordance with a Settlement Agreement (the "Settlement Agreement") between the Company and IBC Funds, LLC, a Nevada limited liability company ("IBC"), in the matter entitled IBC Funds, LLC v. 3DIcon Corporation, Case No. 2013 CA 5705 NC (the "Action"). IBC commenced the Action against the Company on July 19, 2013 to recover an aggregate of $197,631 of past-due accounts payable of the Company, which IBC had purchased from certain vendors of the Company pursuant to the terms of separate claim purchase agreements between IBC and each of such vendors (the "Assigned Accounts"), plus fees and costs (the "Claim"). The Assigned Accounts relate to certain research, technical, development, accounting and legal services. The Order provides for the full and final settlement of the Claim and the Action. The Settlement Agreement became effective and binding upon the Company and IBC upon execution of the Order by the Court on July 26, 2013.

Pursuant to the terms of the Settlement Agreement approved by the Order, on July 26, 2013, the Company issued 650,000 shares of Common Stock as a settlement fee and agreed to issue, in one or more tranches as necessary, that number of shares equal to $197,631 upon conversion to Common Stock at a conversion rate equal to 65% of the lowest closing bid price of the Common Stock during the ten trading days prior to the date the conversion is requested by IBC minus $0.002. During 2013, IBC converted $78,789 of the note into 53,720,000 shares of common stock at an average of $0.0015 per share based on the formula in the note.

On January 22, 2014 the Company entered into a Mutual Release (the "Release") with IBC pursuant to which each party would release the other party from any and all obligations pursuant to the Settlement Agreement. In consideration for the Release, IBC accepted and the Company remitted to IBC: (i) a cash payment of $190,000, (ii) an issuance of 9,000,000 shares of the Company's common stock, pursuant to the terms of the Settlement Agreement under the December 18, 2013 Conversion Notice, and (iii) an issuance of 6,810,811 shares of the Company's common stock, pursuant to the terms of the Settlement Agreement under the January 17, 2014 Conversion Notice (together, the "Consideration"). Pursuant to the Release, IBC agreed that the Consideration was accepted as satisfaction in full of the payments due pursuant to the Settlement Agreement.

On January 23, 2014, the Company and IBC filed a Stipulation of Dismissal with Prejudice with the Circuit Court in the 12th Judicial Circuit in and for Sarasota County, Florida.

Off Balance Sheet Arrangements

The Company does not engage in any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, and results of operations, liquidity or capital expenditures.

Significant Accounting Policies

Research and Development Costs

The Company expenses all research and development costs as incurred. Until we have developed a commercial product, all costs incurred in connection with the SRA with the University, as well as all other research and development costs incurred, will be expensed as incurred. After a commercial product has been developed, we will report costs incurred in producing products for sale as assets, but we will continue to expense costs incurred for further product research and development activities.

Stock-Based Compensation

Since its inception 3DIcon has used its common stock or warrants to purchase its common stock as a means of compensating our employees and consultants. Financial Accounting Standards Board ("FASB") guidance on accounting for share based payments requires us to estimate the value of securities used for compensation and to charge such amounts to expense over the periods benefited.

The estimated fair value at date of grant of options for our common stock is estimated using the Black-Scholes option pricing model, as follows:

The expected dividend yield is based on the average annual dividend yield as of the grant date. Expected volatility is based on the historical volatility of our stock. The risk-free interest rate is based on the U.S. Treasury Constant Maturity rates as of the grant date. The expected life of the option is based on historical exercise behavior and expected future experience.

Subsequent Events

Common stock issued for services and liabilities

Subsequent to June 30, 2014, Golden State converted $1,500 of the 4.75% convertible debenture into 25,369,615 shares of common stock at $0.00006 per share and exercised 429 warrants at $381.50 per share for $163,500, advanced $115,620 and applied $47,880 of warrant exercise advances leaving $1 in warrant exercise advances under the terms of the securities purchase agreements.

Subsequent to June 30, 2014, JMJ converted $37,485 of the convertible promissory note into 6,500,000 shares of common stock at $0.00441 under the terms of the securities purchase agreements.

Subsequent to June 30, 2014, shares of common stock totaling 3,600,000 were issued for legal services for which the Company recognized $18,000 of expense.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not Applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective such that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Changes in Internal Control Over Financial Reporting. During the most recent quarter ended June 30, 2014, there has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

We are not a party to any pending legal proceeding, nor is our property the subject of a pending legal proceeding, that is not in the ordinary course of business or otherwise material to the financial condition of our business. None of our directors, officers or affiliates is involved in a proceeding adverse to our business or has a material interest adverse to our business.

Item 1A. Risk Factors.

Not Applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the six-month period ended June 30, 2014, shares of common stock totaling 24,605,571 were issued for consulting services for which the Company recognized $90,500 of expense.

During the six-month period ending June 30, 2014, shares totaling 7,317,073 were issued to consultants for previous services provided to the Company for which the accounts payable liability was reduced by $15,000.

During the six-month period ended June 30, 2014, an aggregate of $87,100 of outstanding convertible debentures were converted into 96,218,190 shares of common stock.

During the six-month period ended June 30, 2014, an aggregate of 778 warrants to purchase shares of common stock were exercised at a purchase price of $381.50 per share.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosure.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description of Exhibit
31.1	Certifications required by Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certifications required by Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Accounting Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS**	XBRL Instance
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Taxonomy Extension Calculation
101.DEF**	XBRL Taxonomy Extension Definition
101.LAB**	XBRL Taxonomy Extension Labels
101.PRE**	XBRL Taxonomy Extension Presentation
**	In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

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

3DICON CORPORATION

Date: August 14, 2014

/s/ Victor F. Keen

Name: Victor F. Keen
Title: Interim Chief Executive Officer
(Principal Executive Officer)

/s/ Ronald W. Robinson

Name: Ronald W. Robinson
Title: Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Victor F. Keen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of 3DIcon Corporation.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial data; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls over financial reporting.

Dated: August 14, 2014

By: /s/ Victor F. Keen
Victor F. Keen
Interim Chief Executive Officer

EXHIBIT 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Ronald W. Robinson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of 3DIcon Corporation.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: August 14, 2014

By: /s/ Ronald W. Robinson
Ronald W. Robinson
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of 3DIcon Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Victor F. Keen, Interim Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. section 1350 and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Date: August 14, 2014

By: /s/ Victor F. Keen
Victor F. Keen
Interim Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of 3DIcon Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ronald W. Robinson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. section 1350 and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Date: August 14, 2014

By: /s/ Ronald W. Robinson
Ronald W. Robinson
Chief Financial Officer