Back to Table of Contents

As filed with the Securities and Exchange Commission on December 15, 2006
Registration No. 333-____

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM SB-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

3DIcon Corporation

(Name of small business issuer in its charter)

Oklahoma	3669	73-1479206
(State or other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

7507 S. Sandusky
Tulsa, OK 74136
(918) 492-5082
(Address and telephone number of principal executive offices and principal place of business)

John M. O'Connor, Esq.
Newton, O'Connor, Turner & Ketchum
15 W. Sixth Street, Suite 2700
Tulsa, Oklahoma 74119
(918) 587-0101
(918) 587-0102 (fax)
(Name, address and telephone number of agent for service)

Copies to:
Gregory Sichenzia, Esq.
Sichenzia Ross Friedman Ference LLP
1065 Avenue of the Americas, 21st Flr.
New York, New York 10018
(212) 930-9700
(212) 930-9725 (fax)

APPROXIMATE DATE OF PROPOSED SALE TO THE PUBLIC:

From time to time after this Registration Statement becomes effective.

If any securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box: [X]

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

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o _____

Back to Table of Contents

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common stock issuable upon conversion of debentures	2,840,909 (2)	$0.65 (3)	$ 1,846,590.85	$197.58

(1) Includes shares of our common stock, par value $0.002 per share, which may be offered pursuant to this registration statement, which shares are issuable upon conversion of convertible debentures held by the selling stockholder. The amount to be registered includes a good faith estimate of the number of shares issuable upon conversion of the debentures. Should the conversion ratio of our convertible debentures result in our having insufficient shares, we will not rely upon Rule 416, but will file a new registration statement to cover the resale of such additional shares should that become necessary. In addition, should a decrease in the exercise price as a result of an issuance or sale of shares below the then current market price, result in our having insufficient shares, we will not rely upon Rule 416, but will file a new registration statement to cover the resale of such additional shares should that become necessary.

(2) Includes a good faith estimate of the shares underlying convertible debentures to account for market fluctuations.

(3) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(c) under the Securities Act of 1933, using the average of the high and low price as reported on the Pink Sheets on December 15, 2006, which was $0.65 per share.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Back to Table of Contents

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION, DATED December 15, 2006

3DICON CORPORATION
2,840,909 SHARES OF
COMMON STOCK

This prospectus relates to the resale by the selling stockholder of up to 2,840,909 shares of our common stock, underlying a $1.25 million convertible debenture. The conversion formula for the convertible debenture is the lesser of (i) $2.00 or (ii) seventy percent of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. The selling stockholder may sell common stock from time to time in the principal market on which the stock is traded at the prevailing market price or in negotiated transactions. The selling stockholder may be deemed an underwriter of the shares of common stock, which it is offering. We will pay the expenses of registering these shares.

Our common stock is listed on the Pink Sheets under the symbol "TDCP". The last reported sales price per share of our common stock as reported by the Pink Sheets on December 4, 2006, was $0.65.

Investing in these securities involves significant risks. See "Risk Factors" beginning on page 5.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2006.

The information in this Prospectus is not complete and may be changed. This Prospectus is included in the Registration Statement that was filed by 3DIcon Corporation with the Securities and Exchange Commission. The selling stockholder may not sell these securities until the registration statement becomes effective. This Prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the sale is not permitted.

TABLE OF CONTENTS

Back to Table of Contents

PROSPECTUS SUMMARY

The following summary highlights selected information contained in this prospectus. This summary does not contain all the information you should consider before investing in the securities. Before making an investment decision, you should read the entire prospectus carefully, including the "risk factors" section, the financial statements and the notes to the financial statements.

3DICON CORPORATION

3DIcon Corporation is a development stage company. Our mission is to pursue, develop and market full-color, 360-degree person-to-person holographic technology that is both simple and portable. Through a “sponsored research agreement” with the University of Oklahoma, we have obtained the world-wide marketing rights to certain 3D display systems under development by the University. The development to date has resulted in the University filing three provisional patents and one utility patent on its technology. At this time, we do not own any intellectual property rights in holographic technologies, and, apart from the sponsored research agreement with the University of Oklahoma, have no contracts or agreements pending to acquire such rights or any other interest in such rights. We plan to market the technology developed by the University of Oklahoma by targeting various industries, such as retail, manufacturing, entertainment, medical, healthcare, and the military.

We have not had any revenues since our inception. For the years ended December 31, 2005 and 2004, we incurred a net loss of $592,811 and $617,875, respectively. As a result of our insufficient revenues to fund development and operating expenses, our auditors in have expressed substantial doubt about our ability to continue as going concern.

Our principal offices are located at 7507 S. Sandusky, Tulsa, Oklahoma 74136, and our telephone number is (918) 492-5082. Our website is www.3DIcon.net. We are an Oklahoma corporation.

The Offering	
Common stock offered by selling stockholder	Up to 2,840,909 shares, underlying a convertible debenture in the amount of $1,250,000, based on current market prices and assuming full conversion of the convertible debenture (includes a good faith estimate of the shares underlying convertible debenture). This number represents approximately 3.0% of our then current outstanding stock.
Common stock to be outstanding after the offering	Up to 97,108,565 shares assuming the full conversion of our initial $1.25 million convertible debenture.
Use of proceeds	We will not receive any proceeds from the sale of the common stock. We have received gross proceeds of $125,000 and expect to receive additional gross proceeds of $1,125,000 in connection with the issuance of the convertible debenture to the selling stockholder. We plan to use the proceeds for research and development, general working capital purposes and the payment of professional fees.
Pink Sheets Ticker Symbol	TDCP

The above information regarding common stock to be outstanding after the offering is based on 94,267,656 shares of common stock outstanding as of November 15, 2006 and assumes the subsequent conversion of the $1.25 million convertible debentures by our selling stockholder.

To obtain funding for our ongoing operations, we entered into a Securities Purchase Agreement with Golden Gate Investors, Inc. (“Golden Gate”) on November 3, 2006, as amended on December 15, 2006 (the “Purchase Agreement”), for the sale of a 6 ¼% convertible debenture of the Company in the principal amount of $1,250,000. Pursuant to the Purchase Agreement, at such time as the principal balance of this debenture is less than $400,000, the Company shall have the right to require Golden Gate to purchase a second debenture, also in the principal amount of $1,250,000. On November 3, 2006, we also issued to Golden Gate a 6 ¼% convertible debenture in a principal amount of $100,000 and warrants to purchase 1,000,000 shares of our common stock at an exercise price of $10.90. **This prospectus relates to the resale of the common stock underlying the initial $1.25 million convertible debenture only.**

Golden Gate provided us with $125,000 upon execution of the Purchase Agreement. Pursuant to the Purchase Agreement, Golden Gate is required to provide us with an additional $312,500 upon effectiveness of the registration statement of which this prospectus is a part. The balance of $812,500 shall be wired to the escrow agent, which is required to release $200,000 on the first day of each month, beginning with the second month following the effective date of the registration statement.

The debentures bear interest at 6 ¼%, and are convertible into our common stock, at the selling stockholder’s option. The $1.25 million convertible debentures mature three years from the date of issuance. The $100,000 convertible debenture matures five years from the date of issuance. Interest on our 6 ¼% convertible debentures is payable monthly in cash or, at Golden Gate’s option, in shares of common stock of the Company valued at the then applicable conversion price. The initial $1.25 million convertible debenture is convertible into the number of our shares of common stock equal to the dollar amount of the debenture divided by the conversion price. The conversion price for the initial $1.25 million convertible debenture is the lesser of (i) $2.00 or (ii) 70% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. The conversion price for the second $1.25 million convertible debenture is the lesser of (i) $2.00 or (ii) 90% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. The conversion price for the $100,000 convertible debenture is the lesser of (i) $4.00 or (ii) 80% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. Accordingly, there is in fact no limit on the number of shares into which the debentures may be converted over time. If Golden Gate elects to convert a portion of the debenture and, on the day that the election is made, the volume weighted average price is below $0.75, 3DIcon shall have the right to prepay that portion of the debenture that Golden Gate elected to convert, plus any accrued and unpaid interest, at 135% of such amount.

In addition, 3DIcon entered into a registration rights agreement with Golden Gate pursuant to which the Company agreed to file, within 30 days after the closing, the registration statement of which this prospectus is a part covering the common stock issuable upon conversion of the initial $1.25 million debenture only. In the event we fail to meet this schedule and other timetables provided in the registration rights agreement, liquidated damages and other potential penalties could be imposed (for example, the discount multiplier of 70% shall decrease by three percentage points for each month or partial month occurring after we fail to meet the timetables provided in the registration rights agreement). In addition, Golden Gate may demand repayment of one hundred and fifteen percent (115%) of the principal amount of the debenture, together with all accrued and unpaid interest on the principal amount of the debenture, in cash, if we fail to meet the timetables provided in the registration rights agreement.

In the event the Company elects, and Golden Gate fails, to enter into the second debenture, Golden Gate would be required to pay liquidated damages in the amount of $250,000.

See the "Selling Stockholders" and "Risk Factors" sections for a complete description of the convertible debentures.

RISK FACTORS

This investment has a high degree of risk. Before you invest you should carefully consider the risks and uncertainties described below and the other information in this prospectus. If any of the following risks actually occur, our business, operating results and financial condition could be harmed and the value of our stock could go down. This means you could lose all or a part of your investment.

Risks Relating to Our Business:

We have a limited operating history, as well as a history of operating losses.

We have a limited operating history. We cannot assure you that we can achieve or sustain revenue growth or profitability in the future. We have a cumulative net loss of $3,174,804 for the period from inception (January 1, 2001) to September 30, 2006. Our operations are subject to the risks and competition inherent in the establishment of a business enterprise. Unanticipated problems, expenses, and delays are frequently encountered in establishing a new business and marketing and developing products. These include, but are not limited to, competition, the need to develop customers and market expertise, market conditions, sales, marketing and governmental regulation. Our failure to meet any of these conditions would have a materially adverse effect upon us and may force us to reduce or curtail our operations. Revenues and profits, if any, will depend upon various factors. We may not achieve our business objectives and the failure to achieve such goals would have an adverse impact on our business.

Currently, our only significant asset is our sponsored research agreement with the University of Oklahoma, and our ability to accomplish our business plan relies entirely on the ability of the University of Oklahoma to successfully develop a marketable 3D communications system.

Our only significant asset at the present time is our sponsored research agreement with the University of Oklahoma. If the University of Oklahoma is not successful in developing a portable 3D communications system that we have envisioned in our business plan, our ability to generate revenues from marketing of the product or products on which our business plan is based will be severely impacted, which could threaten the very existence of the Company.

Even if the University of Oklahoma is successful in developing a portable 3D communications system, because of the revolutionary nature of such a product (i.e., no similar product currently exists, and there are numerous unknowns relating to the product, such as manufacturing costs and operational costs), there can be no assurance that our marketing plans for the product will be successful.

Therefore, the fact that our success depends almost entirely on the efforts of others to develop a technologically challenging new product that will be in a form readily marketable and acceptable to a given market, and our ability to then successfully market such product, makes an investment in the Company much more risky than a comparable investment in other companies that may have a broad range of existing, proven products.

We may not be able to compete successfully.

Although the 3D imaging and display technology that the University of Oklahoma is attempting to develop is new, and although at present we are aware of only a limited number of companies that have publicly disclosed their attempts to develop similar technology, we anticipate a number of companies are or will attempt to develop products that compete or will compete with our products. Further, even if we are the first to market with a product of this type, and even if the technology is protected by patents or otherwise, because of the vast market and communications potential of such a product, we anticipate the market will be flooded by a variety of competitors (including traditional communications companies), many of which will offer a range of products in areas other than those in which we compete, which may make such competitors more attractive to prospective customers. In addition, many if not all of our competitors and potential competitors will initially be larger and have greater financial resources than we do. Some of the companies with which we may now be in competition, or with which we may compete in the future, have or may have more extensive research, marketing and manufacturing capabilities and significantly greater technical and personnel resources than we do, even given our relationship to the University of Oklahoma, and may be better positioned to continue to improve their technology in order to compete in an evolving industry. Further, technology in this industry may evolve rapidly once an initially successful product is introduced, making timely product innovations and use of new technologies essential to our success in the marketplace. The introduction by our competitors of products with improved technologies or features may render any product we initially market obsolete and unmarketable. If we do not have available to us products that respond to industry changes in a timely manner, or if our products do not perform well, our business and financial condition will be adversely affected.

The products being developed may not gain market acceptance.

The products that the University of Oklahoma is currently developing utilize new technologies. As with any new technologies, in order for us to be successful, these technologies must gain market acceptance. Since the products that we anticipate introducing to the marketplace will exploit or encroach upon markets that presently utilize or are serviced by products from competing technologies, meaningful commercial markets may not develop for our products.

In addition, the development efforts of the University of Oklahoma on the 3D technology are subject to unanticipated delays, expenses or technical or other problems, as well as the possible insufficiency of funding to complete development. Our success will depend upon the ultimate products and technologies meeting acceptable cost and performance criteria, and upon their timely introduction into the marketplace. The proposed products and technologies may never be successfully developed, and even if developed, they may not satisfactorily perform the functions for which they are designed. Additionally, these products may not meet applicable price or performance objectives. Unanticipated technical or other problems may occur which would result in increased costs or material delays in their development or commercialization.

If we are unable to retain the services of Martin Keating, or if we are unable to successfully recruit qualified personnel having experience in our business, we may not be able to continue our operations.

Our success depends to a significant extent upon the continued service of Martin Keating, our founder, Chief Executive Officer, and a Director. Our success also depends on our ability to attract and retain other key executive officers. Loss of the services of Mr. Keating could have a material adverse effect on our growth, revenues, and prospective business. In addition, in order to successfully implement and manage our business plan, we will be dependent upon, among other things, successfully recruiting qualified personnel having experience in business. Competition for qualified individuals in our industry is intense. There can be no assurance that we will be able to find, attract and retain existing employees or that we will be able to find, attract and retain qualified personnel on acceptable terms.

Our auditors have included a going concern qualification in their opinion which may make it more difficult for us to raise capital.

Our auditors have qualified their opinion on our financial statements because of concerns about our ability to continue as a going concern. These concerns arise from the fact that we are a development stage organization with insufficient revenues to fund development and operating expenses. If we are unable to continue as a going concern, you could lose your entire investment in us.

We will need significant additional capital, which we may be unable to obtain.

Our capital requirements in connection with our development activities and transition to commercial operations have been and will continue to be significant. We will require substantial additional funds to continue research, development and testing of our technologies and products, to obtain intellectual property protection relating to our technologies when appropriate, and to manufacture and market our products. There can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all

As a result of becoming a reporting company, our expenses will increase significantly.

As a result of becoming a reporting company whose shares are registered pursuant to Section 12 of the Securities Act, our ongoing expenses are expected to increase significantly, including expenses in compensation to our officers, ongoing public company expenses, including increased legal and accounting expenses as a result of our status as a reporting company, expenses incurred in complying with the internal controls requirements of the Sarbanes-Oxley Act. Our failure to generate sufficient revenue and gross profit could result in reduced profits or increased losses as a result of the additional expenses.

Risks Relating to Our Current Financing Arrangement:

There are a large number of shares underlying our 6 ¼% convertible debentures, and warrants that may be available for future sale and the sale of these shares may depress the market price of our common stock.

As of November 15, 2006, we had approximately 94,267,656 shares of common stock issued and outstanding and convertible debentures outstanding that may be converted into an estimated 3,044,990 shares of common stock at current market prices. The number of shares of common stock issuable upon conversion of the outstanding $1.25 million convertible debenture and $100,000 convertible debenture may increase if the market price of our stock declines. We also have outstanding the warrants issued to Golden Gate to purchase 1,000,000 shares of common stock at an exercise price of $10.90. Further, when the outstanding principal balance of our initial $1.25 million debenture issued to Golden Gate is less than $400,000, we may require Golden Gate to purchase a second $1.25 million convertible debenture. The sale of these shares may adversely affect the market price of our common stock.

The continuously adjustable conversion price feature of our convertible debentures could require us to issue a substantially greater number of shares, which will cause dilution to our existing stockholders.

Our obligation to issue shares upon conversion of our convertible debentures is essentially limitless. The following is an example of the amount of shares of our common stock that are issuable, upon conversion of our convertible debentures (excluding accrued interest), based on market prices 25%, 50% and 75% below the market price as of December 1, 2006 of $0.84.

% Below Market	Price Per Share	Effective Conversion Price	Number of Shares Issuable	% of Outstanding Stock
25%	$ 0.63	$ 0.50	2,500,000	2.6%
50%	$ 0.42	$ 0.34	3,676,470	3.8%
75%	$ 0.21	$ 0.17	7,352,941	7.2%

As illustrated, the number of shares of common stock issuable upon conversion of our convertible debentures will increase if the market price of our stock declines, which will cause dilution to our existing stockholders.

The continuously adjustable conversion price feature of our 6 ¼% convertible debentures may encourage investors to make short sales in our common stock, which could have a depressive effect on the price of our common stock.

So long as the market price of our stock is below $2.00, the issuance of shares in connection with the conversion of the $1.25 million convertible debenture results in the issuance of shares at an effective 30% discount to the trading price of the common stock prior to the conversion. Similarly, so long as the market price of our stock is below $4.00, the issuance of shares in connection with the conversion of the $100,000 convertible debenture results in the issuance of shares at an effective 20% discount to the trading price of the common stock prior to the conversion. The significant downward pressure on the price of the common stock as the selling stockholder converts and sells material amounts of common stock could encourage short sales by investors. This could place further downward pressure on the price of the common stock. The selling stockholder could sell common stock into the market in anticipation of covering the short sale by converting their securities, which could cause the further downward pressure on the stock price. In addition, not only the sale of shares issued upon conversion or exercise of debentures and warrants, but also the mere perception that these sales could occur, may adversely affect the market price of the common stock.

The issuance of shares upon conversion of the 6 ¼% convertible debentures and exercise of outstanding warrants may cause immediate and substantial dilution to our existing stockholders.

The issuance of shares upon conversion of our 6 ¼% convertible debentures and exercise of warrants may result in substantial dilution to the interests of other stockholders since the selling stockholder may ultimately convert and sell the full amount issuable on conversion. Although the selling stockholder may not convert its convertible debentures and/or exercise their warrants if such conversion or exercise would cause it to own more than 9.9% of our outstanding common stock, this restriction does not prevent the selling stockholder from converting and selling some of their holdings and then converting the rest of their holdings. In this way, assuming the market price remains at a level acceptable to the selling stockholder, the selling stockholder could continue on a “conversion-sell-conversion” trend while never holding more than 9.99% of our common stock. Further, under the convertible debentures there is theoretically no upper limit on the number of shares that may be issued, which will have the effect of further diluting the proportionate equity interest and voting power of holders of our common stock, including investors in this offering.

If we are unable to issue shares of common stock upon conversion of the convertible debenture as a result of our inability to increase our authorized shares of common stock or as a result of any other

reason, we are required to pay penalties to Golden Gate, redeem the convertible debenture at 130% and/or compensate Golden Gate for any buy-in that it is required to make.

If we are unable to issue shares of common stock upon conversion of the convertible debenture as a result of our inability to increase our authorized shares of common stock or as a result of any other reason, we are required to:

- pay late payments to Golden Gate for late issuance of common stock upon conversion of the convertible debenture, in the amount of $100 per business day after the delivery date for each $10,000 of convertible debenture principal amount being converted or redeemed.

- in the event we are prohibited from issuing common stock, or fail to timely deliver common stock on a delivery date, or upon the occurrence of an event of default, then at the election of Golden Gate, we must pay to Golden Gate a sum of money determined by multiplying up to the outstanding principal amount of the convertible debenture designated by Golden Gate by 130%, together with accrued but unpaid interest thereon

- if ten days after the date we are required to deliver common stock to Golden Gate pursuant to a conversion, Golden Gate purchases (in an open market transaction or otherwise) shares of common stock to deliver in satisfaction of a sale by Golden Gate of the common stock which it anticipated receiving upon such conversion (a "Buy-In"), then we are required to pay in cash to Golden Gate the amount by which its total purchase price (including brokerage commissions, if any) for the shares of common stock so purchased exceeds the aggregate principal and/or interest amount of the convertible debenture for which such conversion was not timely honored, together with interest thereon at a rate of 15% per annum, accruing until such amount and any accrued interest thereon is paid in full.

In the event that we are required to pay penalties to Golden Gate or redeem the convertible debentures held by Golden Gate, we may be required to curtail or cease our operations.

We may be required to file a subsequent registration statement covering additional shares.

Based on our current market price and the potential decrease in its market price as a result of the issuance of shares upon conversion of the convertible debentures, we have made a good faith estimate as to the amount of shares of common stock that it is required to register and allocate for conversion of the convertible debentures. In the event that our stock price decreases, the shares of common stock we have allocated for conversion of the convertible debentures and are registering hereunder will not be adequate. If the shares we have allocated to the registration statement are not adequate and we are required to file an additional registration statement, we may incur substantial costs in connection with the preparation and filing of such registration statement.

Risks Relating to Our Common Stock:

Fluctuations in our operating results and announcements and developments concerning our business affect our stock price.

Our quarterly operating results, the number of stockholders desiring to sell their shares, changes in general economic conditions and the financial markets, the execution of new contracts and the completion of existing agreements and other developments affecting us, could cause the market price of our common stock to fluctuate substantially.

Our Common Stock is Subject to the "Penny Stock" Rules of the SEC and the Trading Market in Our Securities is Limited, Which Makes Transactions in Our Stock Cumbersome and May Reduce the Value of an Investment in Our Stock.

Our common stock is quoted on the Pink Sheets under the symbol "TDCP". To date there is a limited trading market in our common stock on the Pink Sheets. Failure to develop or maintain an active trading market could negatively affect the value of our shares and make it difficult for our shareholders to sell their shares or recover any part of their investment in us. The market price of our common stock may be highly volatile. In addition to the uncertainties relating to our future operating performance and the profitability of our operations, factors such as variations in our interim financial results, or various, as yet unpredictable factors, many of which are beyond our control, may have a negative effect on the market price of our common stock.

The Securities and Exchange Commission has adopted Rule 15g-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- that a broker or dealer approve a person's account for transactions in penny stocks; and
- the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and
- make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

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

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

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

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

USE OF PROCEEDS

This prospectus relates to shares of our common stock that may be offered and sold from time to time by the selling stockholder. We will not receive any proceeds from the sale of shares of common stock in this offering. However, we have received $125,000 in connection with the issuance of the $1.25 million convertible debenture to the selling stockholder, and expect to receive the balance of $1.125 million following effectiveness of the registration statement. We have used the $125,000 for the general working capital purposes and the payment of professional fees. We expect to use the additional proceeds for general working capital purposes.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is quoted on the Pink Sheets under the symbol "TDCP". For the periods indicated, the following table sets forth the high and low bid prices per share of common stock. These prices represent inter-dealer quotations without retail markup, markdown, or commission and may not necessarily represent actual transactions.

Quarter Ended	High ($)	Low ($)
December 31, 2006 (through November 20, 2006)	1.36	0.75
September 30, 2006	1.73	0.90
June 30, 2006	3.27	0.56
March 31, 2006	0.86	0.14
December 31, 2005	0.33	0.014
September 30, 2005	0.03	0.008
June 30, 2005	0.045	0.009
March 31, 2005	0.18	0.031
December 31, 2004	0.40	0.04
September 30, 2004	0.64	0.15
June 30, 2004	0.64	0.03
March 31, 2004	0.21	0.04

Holders

As of November 15, 2006, we had approximately 395 active holders of our common stock. The number of active record holders was determined from the records of our transfer agent and does not include beneficial owners of common stock whose shares are held in the names of various security brokers, dealers, and registered clearing agencies. The transfer agent of our common stock is Executive Registrar & Transfer, Inc., 315 South Huron Street, Suite 104, Englewood, CO 80110.

DESCRIPTION OF BUSINESS

Corporate History

3DIcon Corporation (the Company) was incorporated on August 11, 1995, under the laws of the State of Oklahoma as First Keating Corporation. The 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. The Company has accounted for this transition as a reorganization and accordingly, restated its capital accounts as of January 1, 2001. From January 1, 2001, the Company's primary activity has been 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.

General Overview

3Dicon Corporation is a development stage company. Our mission is to pursue, develop and market full-color, 360-degree person-to-person 3D holographic technology that is both simple and portable. Through a "sponsored research agreement" with the University of Oklahoma, we have obtained the world-wide marketing rights to certain 3D display systems under development by the University. The development to date has resulted in the University filing three provisional patents and one utility patent on its technology. At this time, we do not own any intellectual property rights in holographic technologies, and, apart from the sponsored research agreement with the University of Oklahoma, have no contracts or agreements pending to acquire such rights or any other interest in such rights. We plan to market the technology developed by the University of Oklahoma by targeting various industries, such as retail, manufacturing, entertainment, medical, healthcare, and the military.

Overview of Development of 3D Technology

Holography as a means of wavefront, or 3D image, reconstruction was first introduced by Dennis Gabor in 1948 when he developed a process for recording the amplitude and phase of an optical wavefront. The word "holography" is derived from the Greek words *holos* (whole) and *graphein* (to write), and Gabor coined the term "hologram" to refer to a "total recording." The widespread practice of holography took off in the early 1960s with the invention of the laser. Since that time, holography has been used in a variety of applications, many in routine commercial use today. *Digital holography* refers to the use of digital computers to create holograms, sometimes referred to as *computer-generated holograms*. Upon undertaking this investigation into the use of digital holography as a viable technology for 3D imaging and visualization, we found that holography is often the starting point for technologists seeking to realize practical commercial systems, but in practice, many solutions involve other approaches such as stereoscopic and swept-volume techniques.

A team of researchers led by Harold Garner at the University of Texas Southwestern Medical School at Dallas is working on a *HoloTV* project to develop technology that can deliver 3D moving images for applications in medical imaging, "heads up" displays, video games, and air traffic control display. Current development efforts involve the use of the Digital Micromirror Device (DMD) from Texas Instruments, as well as eight-layer liquid-crystal screen. The DMD focuses image points on various locations throughout the screen to produce 3D images.

Stereoscopic techniques are being investigated as a means of achieving 3D imaging and display. A recent paper by Jang and Javidi describes a technique called 3D projection integral imaging to create 3D orthoscopic virtual images. The technique employs a micro-convex-mirror array to convert inputs from 2D image sensors to 3D images with a viewing angle of over 60^{o} and has been successfully demonstrated in the laboratory. Another paper by Choi *et al* reports on the construction of a novel full-color autostereoscopic 3D display system using scaling constraints and phase quantization leveling to reduce the color dispersion and the phase difference. The system employs color-dispersion-compensated (CDC) synthetic phase holograms (SPHs) to create 3D images and video frames that don't require the use of special glasses for viewing. While both of these technical approaches have been successfully demonstrated in a laboratory environment, neither easily lends itself to the kind of embodiment envisioned by 3DIcon.

Sato *et al* report identify *space projection method* for producing 3D images using DMDs. This method uses a volumetric screen of water particles upon which color 3D images can be projected using the combination of a white light laser, variable color filter, and DMD. The authors report that this so-called electro-holographic display is capable of producing color 3D images with a large viewing angle. We believe that this approach has merit, but also presents barriers to commercial implementation, particularly from a cost and size perspective.

Pursuant to the Sponsored Research Agreement, 3D Display Technology is being developed in three phases, as follows:

- Phase I - Swept Volume Displays

- Phase II - Static Volumetric Displays (Under Glass)
- Phase III Free-Space Volumetric Displays (Free Space)

The Phase I Swept Volume Display is designed to be an inexpensive 3D display system showing high resolution image generated from a diskette or similar medium. A prototype is projected to be available in early 2007. Initial target markets for swept volume displays include retail and manufacturing companies.

The Phase II technology will employ DMDs using infared lasers to produce 3D images in advanced transparent nanotechnology materials, thereby enabling the creation, transmission and display of high resolution 3D images within a volume space, surrounded by glass or transparent screen. A prototype demonstration is planned for Summer 2007. Target markets for static volumetric displays include interactive entertainment, casino gaming, government, sales, medical and pharmaceutical development, military, and architectural.

The Phase III technology will build upon the Phase II technology so as to eliminate the need for an enclosed vessel, thereby enabling the creation, transmission and display of high resolution 3D images in free space utilizing a portable system. Initial research for this system is expected to commence in 2007. There is currently no estimated prototype date for this technology.

University of Oklahoma - Tulsa Sponsored Research Agreement

On April 20, 2004, we entered into a Sponsored Research Agreement entitled "Investigation of Emerging Digital Holography Technologies" (Phase I) with the University of Oklahoma - Tulsa (University), which expired October 19, 2004. We have paid the University $14,116 pursuant to this agreement. The purpose of this agreement was to conduct a pilot study to investigate digital holography as a candidate technology for the development of three-dimensional (3D) imaging and visualization systems. The purpose of the pilot study was to investigate the current state-of-the-art research and development activities taking place in the field of digital holography, particularly emerging technologies. The scope of work for the study encompassed the following tasks:

- Literature review to determine key leading edge research in relevant areas;
- Review of related commercial products to identify technological approaches and potential competitors and/or partners;
- Preliminary patent review;
- Recommendations for product research and development directions.

On July 15, 2005, we entered into a Sponsored Research Agreement with the University (Phase II), which expires January 14, 2007. Under this agreement, the University will conduct a research project entitled "Investigation of 3-Dimensional Display Technologies". 3DIcon has agreed to pay the University $453,584 pursuant to this agreement to cover the costs of the research. Either party may terminate the agreement at any time by giving 60 days written notice. The goals for this research are as follows:

- To produce patentable and/or copyrightable intellectual property;
- To produce proof-of-concept technology that demonstrates the viability of the intellectual property;
- To assess opportunities for manufacturing technological products in Oklahoma;
- Investigate magnetic nanospheres (MNs) for use as a projection media;
- Develop a control platform to actively distribute (MNs) in an unbounded volumetric space;
- Investigate the doping of MNs with fluorescent materials for light emission at different wavelengths, i.e., develop fluorescent MNs (FMNs);
- Evaluate other display medium technologies for potential strategic partnerships;
- Evaluate the most appropriate (from a cost-to-benefit standpoint) solid-state light sources for projection applications;
- Develop software for displaying ideal 3D images;
- Investigate software interface issues with other image capture technologies.

On November 1, 2006 the sponsored research agreement was modified to provide $125,259 additional funding, extend the term of the agreement through March 31, 2007, and revise the payment schedule to combine the July 15, 2005 remaining balance due of $226,792 with the additional funding into a revised payment schedule. Under the terms of the agreement, we agreed to pay the combined remaining obligation of $352,051 in four equal monthly installments of $88,013 on December 31, 2006 through March 31, 2007.

3DIcon owns all worldwide rights to commercial and government usage of the intellectual property being developed by the University of Oklahoma. The University of Oklahoma has applied for the following patents with the U.S. Patent and Trademark Office:

- Utility patent for Swept Volume Display, filed in September, 2006;
- Provisional patent for Colorful Translational Light Surface 3D Display filed in April, 2006;
- Provisional patent for 3D Light Surface Display filed in September, 2006;
- Provisional patent for Volumetric Liquid Crystal Display filed in April, 2006.

Marketing and Product Development

3DIcon currently has no products or services. We envision the sale of products, the licensing of University-owned technology, or a combination of thereof beginning in 2007.

We have identified the following potential markets and uses for the technology being developed by the University of Oklahoma:

- Driver education, simulation and testing;
- Healthcare education;
- Plastic Surgery;
- Architectural plans and virtual structures;
- Training programs for pilots;
- Virtual live entertainment;
- Displays of art for museums;
- Digital signage;
- Fashion design;
- Casino gaming;
- Homeland security.

Competition

There are numerous technologies which are under development to enable the display of 3D images. The following is a summary of research being conducted and products under development in the 3D display system marketplace of which we are currently aware.

Rosen *et al* report on a psychophysical comparison of visual perception for a 3D display (the Perspecta produced by Actuality Systems) and a high-resolution flat-panel display. The results indicated that the binocular view of Perspecta was similar or slightly better in performance than the monoscopic view of flat-panel display, because of its low contrast.

A collaborative paper from Cambridge University and the MIT Media Lab reports that a DMD can be used to launch view-sequential 3D images, leading to the construction a virtual 3D image. This paper provides further reinforcement of the utility of DMD devices for 3D imaging and display applications.

Matsuda and Kakeya propose a 3D camera system that implements combinational techniques using hardware and software to capture object images from both eyes of the viewer. An image captured by only one camera is not sufficient to supply the information needed to reconstruct a 3D image back from the viewpoint of a free observer. The authors propose the use of a stereo camera which, with the aid of 3D

position sensors, can follow the viewer's motion and send the information back to a camera system using a computational algorithm. Such an approach might prove useful in recording images for subsequent display on 3D visualization systems.

Fujii and Tanimoto report the investigation of two types of real-time Ray-Space acquisition systems. The first system used 16 cameras, all connected via a PC cluster, to capture the information for subsequent 3D image display. The second system used a single high-speed camera with scanning optics and offered better performance due to the ability to capture a real-time Ray-Space at video rates.

The DepthCube™ Technology system consists of a rear projection volumetric computer monitor that produces 3D images. Unlike a conventional projection surface, the DepthCube incorporates an electronically-controlled multiplanar optical element (MOE) that allows the formation of 3D volumetric images. The display also incorporates Texas Instruments' (TI's) DLP technology and is capable of 1500 frames per second. While this is impressive technology for a variety of visualization applications, it does not represent the kind of technology 3DIcon intends to develop.

The FELIX Technology display is a technology that uses the swept volume technique, where a rotating projection screen sweeps out a volume upon which a 3D image can be formed. This FELIX 3D appears to represent a viable technology that would likely compete with 3DIcon on some level.

A related technology is the SOLID FELIX static volume 3D display which uses a solid cube of transparent crystalline material doped with rare earth ions. The rare earth ions are capable of producing visible light by a two-frequency upconversion (frequency-doubling) process when illuminated with intersecting infrared laser beams.

The Perspecta Spatial 3D Technology 3D display presents another example of a technology that utilizes a rotating projection screen. The display uses three of TI's DMDs to direct red, green, blue light beams onto the rotation screen at the appropriate times to form 3D volumetric images. Again, the Perspecta Spatial 3D display appears to represent a viable technology that would likely compete with 3DIcon on some level.

The VR4MAX Technology demonstrates another screen-based approach to 3D visualization. As in the case of the DepthCube, while VR4MAX is no doubt useful for a variety of visualization applications, it does not represent the kind of technology 3DIcon wants to develop.

The FogScreen technology by itself does not represent a 3D display. Rather, it may prove to be a viable volumetric screen for space projection implementations. A FogScreen unit consists of a water tank, water level controller, water filter, water fountain, and a number of hydrosonic generators. The unit produces a dry fog which can provide a source of small particles off of which light can be scattered to display images.

Employees

3DIcon Corporation has two full-time employees. We have identified the need for additional personnel, including a marketing manager, a product manager and a product development engineer/manager. The marketing manager would lead the creation of the specifications of what we should build and create all necessary materials to successfully launch the product including an analysis of competitive technologies. The responsibilities of the product manager would include working with the University of Oklahoma and the marketing organization to develop detailed specifications of the product, maintain the schedule, and bring the product to market in a timely fashion. The responsibilities of the product development engineer/manager would include seeking out competent manufacturers, understanding the details of the design, and overseeing production of a product within the guidelines of manufacturability and serviceability.

DESCRIPTION OF PROPERTY

Our executive offices are located at 7507 S. Sandusky, Tulsa, Oklahoma 74136. Our office space is provided to

us by one of our officers at no cost to the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATION

Some of the information in this Form SB-2 contains forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue," or similar words. You should read statements that contain these words carefully because they:

- discuss our future expectations;
- contain projections of our future results of operations or of our financial condition; and
- state other "forward-looking" information.

We believe it is important to communicate our expectations. However, there may be events in the future that we are not able to accurately predict or over which we have no control. Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risk Factors," "Business" and elsewhere in this prospectus. See "Risk Factors."

Plan of Operation

When we dissect the requirements for implementing 360^{o} person-to-person holographic technology, we identify three clear areas of need: (1) a means of recording 3D objects as digital holographic data elements; (2) a means of transmitting these data elements from one person to another; and, (3) a means of reconstructing and displaying the 3D images.

Addressing the first area of need, the review of patents revealed multiple methods in the area of recording 3D objects in digital formats. The practical implementation of such methods alone would require significant algorithm and software development activities. Our current business plan is not to pursue the development of competing intellectual property in this area, but rather look to establish strategic partnerships with the assignees or license holders of existing 3D recording technologies.

The second area of need involves providing suitable telecommunications (TCOM) infrastructure to support the bandwidth and quality of service requirements of the application, and interfacing the recording and display ends with that infrastructure. The TCOM infrastructure should be readily available for lease by any number of service providers. A key concern will be resolving interoperability issues that arise when interfacing the holographic technology (recording and display) with the TCOM technology. The University of Oklahoma - Tulsa’s TCOM Interoperability Lab is capable of conducting the interoperability testing and resolution activities associated with this task.

The reconstruction and display of 3D images is the area where we see the most opportunity for 3DIcon to make an impact in the area of intellectual property creation and product development. The existing products reviewed can generally be broken down into two broad categories: those that use multi-layer/element flat-panels to implement 3D displays, and those that implement volumetric 3D displays. The flat-panel approaches, as previously noted, do not support 3DIcon’s planned embodiment of the technology. However, the application space of volumetric 3D displays supports 3DIcon’s vision and appears to offer opportunities for further technology development.

In particular, we believe an alternate approach to the volumetric display can be pursued in which certain media, such as magnetic nanospheres, can be actively suspended and their position controlled to produce an innovative volumetric projection screen. In addition, we believe TI’s DLP technology can be innovatively incorporated to produce full-color, full-motion 3D visualization, and in harmony with 3DIcon’s vision for product development.

Our current 12-month operating budget is expected to be approximately $5,000,000, consisting of the following expenses:

- Research and development expenses pursuant to our Sponsored Research Agreement with the University of Oklahoma. This includes development of an initial demonstrable prototype and a second prototype with Phase II technology;
- Hiring additional executive officers.
- Professional fees

Our research and development objectives for the 2007 calendar year are as follows. The work will mainly be done by researchers, students and faculty at the University of Oklahoma with oversight by 3DIcon personnel.:

I. Phase I Swept Volume Display
- Provide 2nd prototype with new 3-color LEDs by June 30;
- Investigate alternate image pane technologies (OLEDs) by September 1;
- If 3-color LED prototype is not satisfactory, develop new prototype by December 1

II. Phase II Static Volumetric Display
- Develop single-color prototype and solve alignment issues;
- Develop Software;
- Develop multicolor prototype (materials dependent);
- Provide prototype demonstration in the summer of 2007.

III. Nanomaterials - in support of Phase II Static Volume Display
- Identify and synthesize further optical upconversion nanosized materials;
- Synthesize and optimize aerogels;
- Embed light-emitting nanoparticles;
- Test 2-photon materials;
- Investigate encapsulating materials;
- Synthesize quantum dots, tune, and characterize quantum dots.

IV. Patents (Intellectual Property)
- File utility patent for Colorful Translational Light Surface 3D Display;
- File utility patent for 3D Light Surface Display;
- File utility patent for Volumetric Liquid Crystal Display;
- File communications system patent;

V. Image Capture
- Image capture survey;
- Develop conversion/translation software;
- Continue with investigation of integral imaging techniques.

VI. Phase III Free Space Volumetric Display
- Begin research and idea generation.

Financial Condition, Liquidity and Capital Resources

As of September 30, 2006 we had a total stockholder deficiency of approximately $732,519, and cash of $192,518. Through the end of September 30 2006, we have generated no revenues and have incurred operating losses in every quarter. We have a cumulative net loss of $3,174,804 for the period from inception (January 1, 2001) to September 30, 2006.

Our independent registered public accountants, in their audit report accompanying our financial statements for the year ended December 31, 2005, 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.

As of September 30, 2006, our accounts payable totaled $451,352 and we had a working capital deficit of $597,519. Our current cash balance is insufficient to pay the current accounts payable. We will need to obtain additional capital in order to sustain our operations beyond December 31, 2006. However, there can be no assurance that that any additional financing will become available to us, and if available, on terms acceptable to us.

On November 1, 2006, we modified the SRA to provide $125,259 additional funding, extend the term of the agreement through March 31, 2007, and revise the payment schedule to combine the July 15, 2005 remaining balance due of $226,792 with the additional funding into a revised payment schedule. Under the terms of the agreement, we agreed to pay the combined remaining obligation of $352,051 in four equal monthly installments of $88,013 on December 31, 2006 through March 31, 2007.

The liquidity impact of our outstanding indebtedness is as follows:

Senior Debenture Payable

On December 15, 2005, we issued convertible debentures aggregating $160,000 at par value for cash. The debentures currently have an outstanding principal balance of $135,000. The debentures bear interest at 8% per annum, and are due no later than December 31, 2007. The Company may prepay without penalty all of the outstanding principal amount and accrued interest. Upon receiving notice of the Company's intent to prepay, holders of the debentures may convert the principal amount due to common stock at the rate of one share of common stock for each $.05 of principal amount converted. Upon conversion, the Company will pay all accrued interest. No fractional shares will be issued upon conversion of a debenture.

Unsecured Debentures Payable

During the third quarter of 2006 the Company authorized the issuance of unsecured convertible debentures aggregating $800,000. As of September 30, 2006 the Company has issued $330,000 of these debentures at par value for cash. The debentures bear interest at 8% per annum, convertible to common shares at $0.40 per share and are due no later than March 31, 2007. At the option of the Company, interest may be paid in cash or Common Stock, valued at the bid price on the day immediately prior to the date paid. The debentures are not secured by any asset or pledge of the Company or any officer, stockholder or director. The Company has agreed to provide, with respect to the common shares issued upon conversion of the debentures, certain registration rights under the Securities Act of 1933.

Golden Gate Debentures

On November 3, 2006, we issued two 6 ¼% convertible debentures to Golden Gate Investors, Inc. in an aggregate principal amount of $1,350,000. Of this amount, Golden Gate has provided us with $225,000. Golden Gate is required to provide us with an additional $312,500 upon effectiveness of the registration statement. The balance of $812,500 shall be wired to the escrow agent, which is required to release $200,000 of on the first day of each month, beginning with the second month following the effective date of the registration statement.

The $100,000 debenture bears interest at 6 ¼ %, matures five years from the date of issuance, and is convertible into our common stock, at Golden Gate’s option. The $100,000 convertible debenture is convertible into the number of our shares of common stock equal to the dollar amount of the debenture divided by the conversion price. The conversion price for the $100,000 convertible debenture is the lesser of (i) $4.00, (ii) 80% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion (the 80% figure is known as the **“**Discount Multiplier**”**). Accordingly, there is in fact no limit on the number of shares into which the debenture may be converted over time. If Golden Gate elects to convert a portion of the debenture and, on the day that the election is made, the volume weighted average price is below $1.00, 3DIcon shall have the right to prepay that portion

of the debenture that Golden Gate elected to convert, plus any accrued and unpaid interest, at 135% of such amount. The $1.00 figure shall be adjusted, on the date that is one year after the closing date and every six months thereafter ("Adjustment Dates"), to a price equal to 65% of the average of the current market prices for the fifteen Trading Days prior to each Adjustment Date.

In connection with the $100,000 debenture, we issued to Golden Gate warrants to purchase 1,000,000 shares of our common stock at an exercise price of $10.90.

The $1.25 million debenture bears interest at 6 ¼ %, matures three years from the date of issuance, and is convertible into our common stock, at Golden Gate's option. The $1.25 million convertible debenture is convertible into the number of our shares of common stock equal to the dollar amount of the debenture divided by the conversion price. The conversion price for the $1.25 million convertible debenture is the lesser of (i) $2.00, (ii) 70% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion (the 70% figure is known as the **"**Discount Multiplier**"**). Accordingly, there is in fact no limit on the number of shares into which the $1.25 million debenture may be converted over time. If Golden Gate elects to convert a portion of the $1.25 million debenture and, on the day that the election is made, the volume weighted average price is below $0.75, 3DIcon shall have the right to prepay that portion of the debenture that Golden Gate elected to convert, plus any accrued and unpaid interest, at 135% of such amount.

Interest on our at 6 ¼ % convertible debentures is payable monthly in cash or, at Golden Gate's option, in shares of Common Stock of the Company valued at the then applicable conversion price.

Off Balance Sheet Arrangements

3DIcon 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, results of operations, liquidity or capital expenditures.

Significant Accounting Policies

Research and Development Costs

Statement of Accounting Standards No. 2, “Accounting for Research and Development Costs,” requires that all research and development costs be expensed as incurred. Until we have developed a commercial product, all costs incurred in connection with the Sponsored Research Agreement with the University of Oklahoma, as well as all other research and development costs incurred, will be expensed. 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

3DIcon has, since its inception, used its common stock, or warrants to purchase its common stock, as a means of compensating our employees and consultants. Statement of Financial Accounting Standards No. 123(R), “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. Since we do not have a stock option plan, employees have been granted shares of common stock for services. Such share are valued based on current prices in the over-the-counter market, discounted for such matters as Rule 144 trading restrictions and other factors affecting the lack of marketability of the stock.

Recent Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 154, *Accounting Changes and Error Corrections* (SFAS 154), which replaces APB Opinion No. 20, *Accounting Changes*, and FASB Statement 3, *Reporting Accounting Changes in Interim Financial Statements*. This statement changes the requirements for the accounting for and reporting of a change in accounting principle, including all voluntary changes in accounting principles. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions.

This statement requires voluntary changes in accounting principles be recognized retrospectively to prior periods' financial statements, rather than recognition in the net income of the current period. Retrospective application requires restatements of prior period financial statements as if that accounting principle had always been used. This statement carries forward without change the guidance contained in Opinion 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate. The provisions of SFAS No. 154 are effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005.

In March 2006, the Financial Accounting Standards Board issued Statement of Accounting Standards No. 156, *Accounting for Servicing of Financial Assets* (SFAS 156), which amends SFAS 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. SFAS 156 permits, but does not require, an entity to choose either the amortization method or the fair value measurement method for measuring each class of separately recognized servicing assets and servicing liabilities. The provisions of SFAS No. 156 are effective for fiscal years beginning after September 15, 2006. The Company does not expect the adoption of SFAS 156 to have a material effect on its financial statements and related disclosures.

In June 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109* (FIN 48). This interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes.* FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is

effective for fiscal years beginning after December 15, 2006. The Company does not expect the adoption of FIN 48 to have a material effect on its financial statements and related disclosures.

LEGAL PROCEEDINGS

Other than as set forth below, 3DIcon is not a party to any pending legal proceeding, nor is its 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 3DIcon's business.

On April 17, 2006, 3DIcon filed an action in the District Court of Tulsa County, Oklahoma, against Andrew Stack and Lion Capital Holdings, Inc. stating claims for fraudulent inducement, breach of contract, unjust enrichment, breach of fiduciary duty, conversion, violation of the Oklahoma Deceptive Trade Practices Act and state securities fraud, breach of an accord. According to the Petition: Stack and his company, Lion Capital Holdings, solicited a contract with 3DIcon under which the defendants promised to raise capital for 3DIcon, which they never did; and the Defendants did retain, however, the shares of 3DIcon stock which were issued for the defendants' prospective shareholders.

On October 4, 2006, 3DIcon amended its Petition to name Joseph Padilla and John R. Shrewder as defendants. Claims for civil conspiracy, fraud, deceit, constructive fraud, accounting, restitution, injunctive relief, constructive trust, piercing the corporate veil, malpractice and violation of the Oklahoma Consumer Protection Act were added to the lawsuit.

3DIcon seeks disgorgement, restitution, actual and punitive damages, attorneys' fees, costs, interest, accounting, imposition of a constructive trust and other injunctive relief from the defendants, as stated in the Petition, as amended.

There are motions pending and the case is in the discovery phase.

MANAGEMENT

The following table sets forth current information regarding our executive officers, senior managers and directors:

Name	Age	Position
Martin Keating	65	President, Chief Executive Officer, Director
Philip Suomu	52	Director
John O'Connor	52	Director

Martin Keating has been the President, Chief Executive Officer and a director of 3DIcon since 1998. Previously, Mr. Keating organized and managed private placement limited partnerships, ranging from real estate development to motion picture financing. Mr. Keating was also general counsel and director of investor relations for CIS Technologies, then a NASDAQ company. Mr. Keating wrote and published "The Final Jihad," a terrorist suspense novel. Mr. Keating is an attorney licensed to practice law in Oklahoma and Texas.

Philip Suomu has been a director of 3DIcon since October 2006 and its Director of Technology since May 2005. Mr. Suomo works for 3DIcon on a part-time basis. Since January, 2001, Mr. Suomu has served as President of PNERC Associates L.P., which provides financial and technical guidance for new business development. From April 1997 to September 2001, Mr. Suomu held the position of Director of Sales for CIENA Communications, which manufactures and markets advanced fiber optic equipment for the telecommunications industry.

John O'Connor has been a director of 3DIcon since October 2006. Since 1981, Mr. O'Connor has practiced law in Oklahoma, concentrating in the areas of corporate and commercial law. Mr. O'Connor served as President of the law firm of Newton, O'Connor, Turner & Ketchum from 2001 to 2005 and has served as its Chairman from 2001 to present.

Employment Agreements

None.

Audit Committee

We do not have a separately designated standing audit committee.

Code of Ethics

We have not adopted a Code of Ethics and Business Conduct for Officers, Directors and Employees that applies to all of our officers, directors and employees.

EXECUTIVE COMPENSATION

The following table sets forth the cash compensation (including cash bonuses) paid or accrued by us for our years ended December 31, 2005, 2004 and 2003 to (i) our Chief Executive Officer and (ii) our four most highly compensated officers, other than our Chief Executive Officer, whose total annual salary and bonus exceeded $100,000.

		Annual Compensation		Long-term Compensation		
				Awards	Payouts	
Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Securities Underlying Options/ SARs (#)	LTIP Payouts ($)	All Other Compensation ($)
Martin Keating						
President & CEO (1)	2005	90,000	—	—	—	$ 14,792(1)
	2004	90,000	—	—	—	$ 1.980(1)
	2003	90,000	—	—	—	—

(1) The Company issued 7,880,000 and 1,980,000 shares of common stock at various dates throughout 2005 and 2004, respectively, to its President and Chief Executive Officer for services rendered. The shares issued were valued at the closing price of the stock on or previous to the date of issuance less a 50% discount due to the restrictive nature of the stock, a 50% discount for lack of earnings or sales consistency of the Company, a 50% discount due to the dollar and share volume of sales of the Company's securities in the public market, and an additional 35% discount due to the trading market in which the Company's securities are sold. The shares issued to directors are valued using the same discount structure as the other common stock issued for services transactions, and ranged from $.0002 to $.0074 during 2005 and $.001 to $.014 during 2004. The Company recognized $14,792 and $1,980 in compensation expense in 2005 and 2004, respectively, related to these transactions.

Options Grants in Last Fiscal Year

None.

Aggregate Option Exercises In Last Fiscal Year and Fiscal Year End Option Values

None.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table indicates beneficial ownership of our common stock as of November, 2006 by each person or entity known by us to beneficially own more than 5% of the outstanding shares of our common stock; each of our executive officers and directors; and all of our executive officers and directors as a group. Unless otherwise indicated, the address of each beneficial owner listed below is c/o 3DIcon Corporation.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Class of Stock	Percentage Outstanding (1)
Martin Keating	38,977,452	Common	41.3%
Philip Suomu	143,600	Common	*
John O'Connor (2)	210,000	Common	*
All directors and executive officers as a group (3 persons)	39,331,052		4176%

* less than 1%

(1) Applicable percentage ownership is based on 94,267,656 shares of common stock outstanding as of November 15, 2006. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Options to aquire shares of common stock that are currently exercisable or exercisable within 60 days of November 15, 2006 are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

(2) Represents (i) 110,000 shares of common stock owned by Mr. O'Connor and (ii) 100,000 shares of common stock owned by the John M. and Lucia D. O'Connor Revocable Living Trust over which Mr. O'Connor has voting and investment control.

DESCRIPTION OF SECURITIES BEING REGISTERED

The securities being offered are shares of common stock. Our authorized capital includes 250,000,000 shares of common stock, $0.0002 par value per share.

Holders of shares of common stock are entitled to one vote per share on all matters submitted to a vote of the shareholders. Shares of common stock do not have cumulative voting rights.

Holders of record of shares of common stock are entitled to receive dividends when and if declared by the board of directors. To date, the Company has not paid cash dividends. The Company intends to retain any earnings for the operation and expansion of its business and does not anticipate paying cash dividends in the foreseeable future.

Any future determination as to the payment of cash dividends will depend on future earnings, results of operations, capital requirements, financial condition and such other factors as the board of directors may consider.

Upon any liquidation, dissolution or termination of the Company, holders of shares of common stock are entitled to receive a pro rata distribution of the assets of the Company after liabilities are paid.

Holders of common stock do not have pre-emptive rights to subscribe for or to purchase any stock, obligations or other securities of 3DIcon.

PLAN OF DISTRIBUTION

The selling stockholder and any of its pledgees, donees, assignees and other successors-in-interest may, from time to time, sell any or all of their shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The selling stockholder may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits the purchaser;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;

- privately-negotiated transactions;
- broker-dealers may agree with the selling stockholder to sell a specified number of such shares at a stipulated price per share;
- through the writing of options on the shares
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling stockholder may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus. The selling stockholder shall have the sole and absolute discretion not to accept any purchase offer or make any sale of shares if they deem the purchase price to be unsatisfactory at any particular time.

The selling stockholder or its pledgees, donees, transferees or other successors in interest, may also sell the shares directly to market makers acting as principals and/or broker-dealers acting as agents for themselves or their customers. Such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholder and/or the purchasers of shares for whom such broker-dealers may act as agents or to whom they sell as principal or both, which compensation as to a particular broker-dealer might be in excess of customary commissions. Market makers and block purchasers purchasing the shares will do so for their own account and at their own risk. It is possible that a selling stockholder will attempt to sell shares of common stock in block transactions to market makers or other purchasers at a price per share which may be below the then market price. The selling stockholder cannot assure that all or any of the shares offered in this prospectus will be issued to, or sold by, the selling stockholder. The selling stockholder and any brokers, dealers or agents, upon effecting the sale of any of the shares offered in this prospectus, may be deemed to be "underwriters" as that term is defined under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the rules and regulations under such acts. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

We are required to pay all fees and expenses incident to the registration of the shares, including fees and disbursements of counsel to the selling stockholder, but excluding brokerage commissions or underwriter discounts.

The selling stockholder, alternatively, may sell all or any part of the shares offered in this prospectus through an underwriter. No selling stockholder has entered into any agreement with a prospective underwriter and there is no assurance that any such agreement will be entered into.

The selling stockholder may pledge its shares to their brokers under the margin provisions of customer agreements. If a selling stockholder defaults on a margin loan, the broker may, from time to time, offer and sell the pledged shares. The selling stockholder and any other persons participating in the sale or distribution of the shares will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations under such act, including, without limitation, Regulation M. These provisions may restrict certain activities of, and limit the timing of purchases and sales of any of the shares by, the selling stockholder or any other such person. In the event that the selling stockholder is deemed affiliated with purchasers or distribution participants within the meaning of Regulation M, then the selling stockholder will not be permitted to engage in short sales of common stock. Furthermore, under Regulation M, persons engaged in a distribution of securities are prohibited from simultaneously engaging in market making and certain other activities with respect to such securities for a specified period of time prior to the commencement of such distributions, subject to specified exceptions or exemptions. In regards to short sells, the selling stockholder is contractually restricted from engaging in short sells. In addition, if such short sale is deemed to be a stabilizing activity, then the selling stockholder will not be permitted to engage in a short sale of our common stock. All of these limitations may affect the marketability of the shares.

We have agreed to indemnify the selling stockholder, or their transferees or assignees, against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the selling stockholder or their respective pledgees, donees, transferees or other successors in

interest, may be required to make in respect of such liabilities.

If the selling stockholder notifies us that it has a material arrangement with a broker-dealer for the resale of the common stock, then we would be required to amend the registration statement of which this prospectus is a part, and file a prospectus supplement to describe the agreements between the selling stockholder and the broker-dealer.

SELLING STOCKHOLDERS

The table below sets forth information concerning the resale of the shares of common stock by the selling stockholder. We will not receive any proceeds from the resale of the common stock by the selling stockholder. We will receive proceeds from the exercise of the warrants. Assuming all the shares registered below are sold by the selling stockholder, it will not continue to own any shares of our common stock.

The following table also sets forth the name of each person who is offering the resale of shares of common stock by this prospectus, the number of shares of common stock beneficially owned by each person, the number of shares of common stock that may be sold in this offering and the number of shares of common stock each person will own after the offering, assuming they sell all of the shares offered.

Name	Total Shares of Common Stock Issuable Upon Conversion of Debenture	Total Percentage of Common Stock, Assuming Full Conversion	Shares of Common Stock Included in Prospectus (1)	Beneficial Ownership Before the Offering*	Percentage of Common Stock Owned Before Offering*	Beneficial Ownership After the Offering (4)	Percentage of Common Stock Owned After Offering (4)
Golden Gate Investors, Inc. (2)	2,840,909(3)	3.0%	Up to 2,840,909 shares of common stock	206,250	9.99%	—	—

* These columns represents the aggregate maximum number and percentage of shares that the selling stockholder can own at one time (and therefore, offer for resale at any one time) due to their 9.9% limitation.

The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any shares as to which the selling stockholder has sole or shared voting power or investment power and also any shares, which the selling stockholder has the right to acquire within 60 days. The actual number of shares of common stock issuable upon the conversion of the convertible debentures is subject to adjustment depending on, among other factors, the future market price of the common stock, and could be materially less or more than the number estimated in the table.

(1) Includes a good faith estimate of the shares issuable upon conversion of the convertible debenture based on current market prices. Because the number of shares of common stock issuable upon conversion of the convertible debenture is dependent in part upon the market price of the common stock prior to a conversion, the actual number of shares of common stock that will be issued upon conversion will fluctuate daily and cannot be determined at this time. Under the terms of the convertible debenture, if the convertible debenture had actually been converted on December 15, 2006, the conversion price would have been $0.44. The actual number of shares of common stock offered in this prospectus, and included in the registration statement of which this prospectus is a part, includes such additional number of shares of common stock as may be issued or issuable upon conversion of the convertible debenture by reason of any stock split, stock dividend or similar transaction involving the common stock, in accordance with Rule 416 under the Securities Act of 1933. However the selling stockholder has contractually agreed to restrict their ability to convert their convertible debenture or exercise their warrants and receive shares of our common stock such that the number of shares of common stock held by them in the aggregate and their affiliates after such conversion or exercise does not exceed 9.99% of the then issued and outstanding shares of common stock as determined in accordance with Section 13(d) of the Exchange Act. Accordingly, the number of shares of common stock set forth in the table for the selling stockholder exceeds the number of

shares of common stock that the selling stockholder could own beneficially at any given time through their ownership of the convertible debenture and the warrants. In that regard, the beneficial ownership of the common stock by the selling stockholder set forth in the table is not determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended.

(2) The selling stockholder is an unaffiliated third party. In accordance with rule 13d-3 under the Securities Exchange Act of 1934, Norman Lizt may be deemed a control person of the shares owned by the selling stockholder.

(3) Includes 2,840,909 shares of common stock underlying our $1,250,000 convertible debenture issued to Golden Gate Investors, Inc.

(4) Assumes that all securities registered will be sold, which does not represent all of the shares of common stock potentially issuable upon conversion of the convertible debenture held by Golden Gate at current market prices.

Terms of Convertible Debenture

To obtain funding for our ongoing operations, we entered into a Securities Purchase Agreement with Golden Gate Investors, Inc. ("Golden Gate") on November 3, 2006, as amended on December 15, 2006 (the "Purchase Agreement"), for the sale of a 6 ¼% convertible debenture of the Company in the principal amount of $1,250,000. Pursuant to the Purchase Agreement, at such time as the principal balance of this debenture is less than $400,000, the Company shall have the right to require Golden Gate to purchase a second debenture, also in the principal amount of $1,250,000. On November 3, 2006, we also issued to Golden Gate a 6 ¼% convertible debenture in a principal amount of $100,000 and warrants to purchase 1,000,000 shares of our common stock at an exercise price of $10.90. **This prospectus relates to the resale of the common stock underlying the initial $1.25 million convertible debenture only.**

Golden Gate provided us with $125,000 upon execution of the Purchase Agreement. Pursuant to the Purchase Agreement, Golden Gate is required to provide us with an additional $312,500 upon effectiveness of the registration statement of which this prospectus is a part. The balance of $812,500 shall be wired to the escrow agent, which is required to release $200,000 on the first day of each month, beginning with the second month following the effective date of the registration statement.

The debentures bear interest at 6 ¼%, and are convertible into our common stock, at the selling stockholder's option. The $1.25 million convertible debentures mature three years from the date of issuance. The $100,000 convertible debenture matures five years from the date of issuance. Interest on our 6 ¼% convertible debentures is payable monthly in cash or, at Golden Gate's option, in shares of common stock of the Company valued at the then applicable conversion price. The initial $1.25 million convertible debenture is convertible into the number of our shares of common stock equal to the dollar amount of the debenture divided by the conversion price. The conversion price for the initial $1.25 million convertible debenture is the lesser of (i) $2.00 or (ii) 70% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. The conversion price for the second $1.25 million convertible debenture is the lesser of (i) $2.00 or (ii) 90% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. The conversion price for the $100,000 convertible debenture is the lesser of (i) $4.00 or (ii) 80% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. Accordingly, there is in fact no limit on the number of shares into which the debentures may be converted over time. If Golden Gate elects to convert a portion of the debenture and, on the day that the election is made, the volume weighted average price is below $0.75, 3DIcon shall have the right to prepay that portion of the debenture that Golden Gate elected to convert, plus any accrued and unpaid interest, at 135% of such amount.

In addition, 3DIcon entered into a registration rights agreement with Golden Gate pursuant to which the Company agreed to file, within 30 days after the closing, the registration statement of which this prospectus is a part covering the common stock issuable upon conversion of the initial $1.25 million debenture only. In the event we fail to meet this schedule and other timetables provided in the registration rights agreement, liquidated damages and other potential penalties could be imposed (for example, the discount multiplier of 70% shall decrease by three percentage points for each month or partial month occurring after we fail to meet the timetables provided in the registration rights agreement). In addition, Golden Gate may demand repayment of one hundred and fifteen percent (115%) of the principal amount of the debenture, together with all accrued and unpaid interest on the principal amount of the debenture, in cash, if we fail to meet the timetables provided in the registration rights agreement.

In the event the Company elects, and Golden Gate fails, to enter into the second debenture, Golden Gate would be required to pay liquidated damages in the amount of $250,000.

Sample Conversion Calculation

The conversion price for the initial $1.25 million convertible debentures is the lesser of (i) $2.00, (ii) 70% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion For example, assuming conversion of $50,000 of the $1.25 million convertible debenture on December 15, 2006, a conversion price of $0.44 per share, the number of shares issuable upon conversion would be:

50,000 /$0.60. = 113,636

The following is an example of the amount of shares of our common stock that are issuable, upon conversion of the principal amount of our convertible debentures, based on market prices 25%, 50% and 75% below the market price, as of December 1, 2006 of $0.84.

% Below Market	Price Per Share	Effective Conversion Price	Number of Shares Issuable	% of Outstanding Stock
25%	$ 0.63	$ 0.50	2,500,000	2.6%
50%	$ 0.42	$ 0.34	3,676,470	3.8%
75%	$ 0.21	$ 0.17	7,352,941	7.2%

As illustrated, the number of shares of common stock issuable upon conversion of our convertible debentures will increase if the market price of our stock declines, which will cause dilution to our existing stockholders.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Other than as set forth below, during the last two fiscal years there have not been any relationships, transactions, or proposed transactions to which 3DIcon was or is to be a party, in which any of the directors, officers, or 5% or greater stockholders (or any immediate family thereof) had or is to have a direct or indirect material interest.

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 2004, the Company issued 25,000,000 additional shares to the Company's founder, President and Chief Executive Officer due to the reverse stock split in 2003 and the corporate reorganization that took place during 2004.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

LEGAL MATTERS

Sichenzia Ross Friedman Ference LLP, New York, New York will issue an opinion with respect to the validity of the shares of common stock being offered hereby.

EXPERTS

Tullius Taylor Sartain & Sartain LLP, Independent Registered Public Accountants, have audited, as set forth in their report thereon appearing elsewhere herein, our financial statements at December 31, 2005 and 2004 and for the years then ended that appear in the prospectus. The financial statements referred to above are included in this prospectus with reliance upon the auditors' opinion based on their expertise in accounting and auditing.

AVAILABLE INFORMATION

We have filed a registration statement on Form SB-2 under the Securities Act of 1933, as amended, relating to the shares of common stock being offered by this prospectus, and reference is made to such registration statement. This prospectus constitutes the prospectus of 3DIcon Corporation, filed as part of the registration statement, and it does not contain all information in the registration statement, as certain portions have been omitted in accordance with the rules and regulations of the Securities and Exchange Commission.

We are subject to the informational requirements of the Securities Exchange Act of 1934 which requires us to file reports, proxy statements and other information with the Securities and Exchange Commission. Such reports, proxy statements and other information may be inspected at public reference facilities of the SEC at 100 F Street N.E., Washington D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at Judiciary Plaza, 450 Fifth Street N.W., Washington, D.C. 20549 at prescribed rates. Because we file documents electronically with the SEC, you may also obtain this information by visiting the SEC's Internet website at http://www.sec.gov.

INDEX TO FINANCIAL STATEMENTS

3DIcon CORPORATION
(A Development Stage Company)

September 30, 2006
(Unaudited)

CONTENTS

3DIcon CORPORATION
(A Development Stage Company)

BALANCE SHEET

September 30, 2006
(Unaudited)

Assets		
Current assets:		
Cash	$	192,518
Prepaid expenses		1,882
Total assets	$	194,400
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Accounts payable:		
Sponsored Research Agreement	$	226,792
Other trade payables		224,560
Unsecured debentures payable		330,000
Accrued interest payable on debentures		10,567
Total current liabilities		791,919
Senior debentures payable		135,000
Total liabilities		926,919
Stockholders' deficiency:		
Common stock; $.0002 par, 250,000,000 shares authorized; 94,267,656 shares issued and outstanding		18,854
Additional paid-in capital		2,423,431
Deficit accumulated during development stage		(3,174,804)
Total stockholders' deficiency		(732,519)
Total liabilities and stockholders' deficiency	$	194,400

See notes to financial statements.

Back to Table of Contents

3DIcon CORPORATION
(A Development Stage Company)

STATEMENTS OF INCOME

Nine Months Ended September 30, 2006 and 2005
and from Inception - January 1, 2001 to September 30, 2006
(Unaudited)

	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005	Inception to September 30, 2006
Income			
Sales	$ —	$ —	$ —
Expenses			
Research and development	240,355	500	481,538
General and administrative	934,804	149,588	2,693,266
Total expenses	1,175,159	150,088	3,174,804
Net loss	$ (1,175,159)	$ (150,088)	$ (3,174,804)
Loss per share:			
Basic	$ (0.014)	$ (0.003)	
Diluted	$ (0.014)	$ (0.003)	
Weighted average shares outstanding	85,603,920	59,466,614	

See notes to financial statements.

3DIcon CORPORATION
(A Development Stage Company)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Nine Months Ended September 30, 2006
and from Inception - January 1, 2001 to September 30, 2006
(Unaudited)

	Common Stock		Paid-In	Deficit Accumulated During the Development	
	Shares	Par Value	Capital	Stage	Total
Balance, January 1, 2001 - as reorganized	**27,723,750**	**$ 27,724**	**$ 193,488**	**$ —**	**$ 221,212**
Adjustment to accrue compensation earned but not recorded	—	—	—	(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**
Adjustment to record compensation earned but not recorded	—	—	—	(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**
Adjustment to record compensation earned but not recorded	—	—	—	(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**

See notes to financial statements.

3DIcon CORPORATION
(A Development Stage Company)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Nine Months Ended September 30, 2006
and from Inception - January 1, 2001 to September 30, 2006
(Unaudited)

	Common Stock		Paid-In	Deficit Accumulated During the Development	
	Shares	Par Value	Capital	Stage	Total
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 $.05	—	—	140,400	—	140,400
Stock warrants exercised	5,260,000	1,052	172,948	—	174,000
Net loss for the year	—	—	—	(592,811)	(592,811)
Balance, December 31, 2005	**73,947,656**	**14,789**	**1,597,959**	(1,999,645)	(386,897)
Stock issued for services	4,700,000	940	205,597	—	206,537
Debentures converted	3,000,000	600	(600)	—	—
Warrant exercised	1,800,000	360	88,540	—	88,900
Stock for cash	10,820,000	2,165	531,935	—	534,100
Net loss for the period	—	—	—	(1,175,159)	(1,175,159)
Balance September 30, 2006	**94,267,656**	**$ 18,854**	**$ 2,423,431**	$ (3,174,804)	$ (732,519)

See notes to financial statements.

Back to Table of Contents

3DIcon CORPORATION
(A Development Stage Company)

STATEMENTS OF CASH FLOWS

Nine Months Ended September 30, 2006 and 2005
and from Inception - January 1, 2001 to September 30, 2006
(Unaudited)

	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005	Inception to September 30, 2006
Cash Flows from Operating Activities			
Net loss	$ (1,175,159)	$ (150,088)	$ (3,174,804)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock issued for services	206,537	—	642,323
Asset impairments	—	—	292,202
Change in:			
Prepaid expenses	2,686	(765)	(765)
Accounts payable and accrued liabilities	247,104	37,276	653,823
Net cash used in operating activities	(718,832)	(113,577)	(1,587,221)
Cash Flows from Financing Activities			
Proceeds from stock and warrant sales and exercise of warrants	473,000	107,000	1,328,750
Proceeds from issuance of debentures	455,000	—	615,000
Reduction in note payable-Officer	(164,021)	—	(164,021)
Net cash provided by financing activities	763,979	107,000	1,779,729
Net increase (decrease) in cash	45,147	(6,577)	192,508
Cash, beginning of period	147,371	7,501	10
Cash, end of period	$ 192,518	$ 924	$ 192,518
Noncash Financing Activities			
Conversion of debentures in to common stock	$ 150,000	$ —	$ 150,000
Issuance of stock in settlement of accounts payable	—	—	100,000
	$ 150,000	$ —	$ 250,000

See notes to financial statements.

3DIcon CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

September 30, 2006
(Unaudited)

Note 1 - Organization and Operations

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 registration statement on pages F-18 through F-28. 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 September 30, 2006, and the statements of its operations and accumulated deficit and cash flows for the nine month periods ended September 30, 2006 and 2005 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.

Organization

3DIcon Corporation was incorporated on August 11, 1995, under the laws of the State of Oklahoma as First Keating Corporation. The 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, and the financial information presented is from that date through the current period. The Company has accounted for this transition as a reorganization and accordingly, restated its capital accounts as of January 1, 2001. From January 1, 2001, the Company's primary activity has been 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.

The mission of the Company is to pursue, develop and market full-color, 360-degree person-to-person holographic technology. Its primary focus is to invest and participate in the commercialization of optical holographic technologies now planned and/or under development, particularly those employing derivative broadband, satellite-based systems. At this time, the Company owns no intellectual property rights in holographic technologies and has no contracts or agreements pending to acquire such rights.

3DIcon CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

September 30, 2006
(Unaudited)

Note 1 - Organization and Operations (continued)

Uncertainties

The accompanying financial statements have been prepared on a going concern basis. The Company is in the development stage and has no source of revenue to fund the development of its planned product and to pay operating expenses, resulting in a cumulative net loss of $3,174,804 for the period from inception (January 1, 2001) to September 30, 2006. The ability of the Company to continue as a going concern during the next year 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.

Note 2 - Summary of Significant Accounting Policies

Research and development

Research and development costs, including payments made to the University of Oklahoma pursuant to the Sponsored Research Agreement (“SRA”), are expensed as incurred. (Note 5)

Stock-based compensation

The Company accounts for stock-based compensation arrangements for employees in accordance with Statement of Accounting Standard (SFAS) No. 123(R), *Share-Based Payments.* The Company recognizes expenses for employee services received in exchange for stock based on the grant-date fair value of the shares awarded. The Company accounts for stock issued to non-employees in accordance with the provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, and the related Emerging Issues Task Force (EITF) Consensuses.

Income taxes

The Company accounts for income taxes in accordance with *Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes*. *SFAS No. 109* requires the recognition of deferred tax assets and liabilities for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In addition, *SFAS No. 109* requires the recognition of future tax benefits, such as net operating loss carryforwards, to the extent that realization of such benefits is more likely than not. The amount of deferred tax liabilities or assets is calculated using tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts more likely than not to be realized.

3DIcon CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

September 30, 2006
(Unaudited)

Note 2 - Summary of Significant Accounting Policies (continued)

In determining the quarterly provision for income taxes, the Company uses an annual effective tax rate based on expected annual income and statutory tax rates. Significant discreet items are separately recognized in the income tax provision in the quarter in which they occur.

Net income (loss) per common share

The Company computes net income (loss) per share in accordance with *SFAS No. 128*, *Earnings per Share* and *SEC Staff Accounting Bulletin No. 98 ("SAB 98")*. Under the provisions of *SFAS No. 128* and *SAB 98*, basic net income (loss) per common share is based on the weighted-average outstanding common shares. Diluted net income (loss) per common share is based on the weighted-average outstanding shares adjusted for the dilutive effect of warrants to purchase common stock and convertible debentures. Due to the Company's losses, such potentially dilutive securities are antidilutive for all periods presented. The weighted average number of potentially dilutive shares is 52,925,000 and 26,140,000 for the periods ended September 30, 2006 and 2005, respectively.

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.

Note 3 - Recent Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 154, *Accounting Changes and Error Corrections* (SFAS 154), which replaces APB Opinion No. 20, *Accounting Changes*, and FASB Statement 3, *Reporting Accounting Changes in Interim Financial Statements*. This statement changes the requirements for the accounting for and reporting of a change in accounting principle, including all voluntary changes in accounting principles. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions.

3DIcon CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

September 30, 2006
(Unaudited)

Note 3 - Recent Accounting Pronouncements (continued)

This statement requires voluntary changes in accounting principles be recognized retrospectively to prior periods' financial statements, rather than recognition in the net income of the current period. Retrospective application requires restatements of prior period financial statements as if that accounting principle had always been used. This statement carries forward without change the guidance contained in Opinion 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate. The provisions of SFAS No. 154 are effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005.

In March 2006, the Financial Accounting Standards Board issued Statement of Accounting Standards No. 156, *Accounting for Servicing of Financial Assets* (SFAS 156), which amends SFAS 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. SFAS 156 permits, but does not require, an entity to choose either the amortization method or the fair value measurement method for measuring each class of separately recognized servicing assets and servicing liabilities. The provisions of SFAS No. 156 are effective for fiscal years beginning after September 15, 2006. The Company does not expect the adoption of SFAS 156 to have a material effect on its financial statements and related disclosures.

In June 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109* (FIN 48). This interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes.* FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company does not expect the adoption of FIN 48 to have a material effect on its financial statements and related disclosures.

Note 4 - Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument held by the Company:

Current assets and current liabilities - The carrying value approximates fair value due to the short maturity of these items.

3DIcon CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

September 30, 2006
(Unaudited)

Note 4 - Fair Value of Financial Instruments (continued)

Debentures payable - The fair value of the Company's debentures payable has been estimated by the Company based upon the liability's characteristics, including interest rate. The carrying value approximates fair value.

Note 5 - Commitments and Contingencies

On April 20, 2004, the Company entered into a Sponsored Research Agreement entitled "Investigation of Emerging Digital Holography Technologies" (Phase I) with the University of Oklahoma - Tulsa ("University"), which expired October 19, 2004. The Company paid the University $14,116 pursuant to this agreement. On July 15, 2005, the Company entered into a Sponsored Research Agreement with the University (Phase II), which expires January 14, 2007. Under this agreement the University will conduct a research project entitled "Investigation of 3-Dimensional Display Technologies" and the Company will pay the University $453,584 payable at various dates from November 10, 2005 through July 15, 2006 to cover the costs of the research. The final payment of $226,792, due on July 15, 2006, was not paid and the agreement was modified in November 2006 (Note 9).

In November 2005, the Company signed an agreement with Concordia Financial Group, Inc. ("Concordia") for Concordia to obtain for the Company bridge capital of not less than $300,000 and additional financing of not less than $3,000,000. Under the terms of the agreement the Company is required to pay Concordia a retainer of $2,000 per month plus direct expenses through June 30, 2006, and a transaction fee of 5% of the proceeds from bridge capital and 5% of capital stock.

At September 30, 2006 and 2005, 17,000,000 shares of common stock are held by a third party and are in dispute as to whether or not they are legally issued. Management contends that the shares were not legally issued and should be returned to the Company. However, they are reported as issued and outstanding at par value in the accompanying financial statements due to the uncertainty surrounding resolution of the issue. The Company has filed suit against the third party seeking return of the shares and other consideration. The suit is pending at September 30, 2006. Legal expenses incurred in connection with the suit are $242,835 for the nine months ended September 30, 2006.

See also Note 9, Subsequent Events.

3DIcon CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

September 30, 2006
(Unaudited)

Note 6 - Debentures Payable

Senior debenture payable

As of December 15, 2005, the Company issued convertible debentures aggregating $160,000 and has issued an additional $125,000 during 2006 at par value for cash. The debentures bear interest at 8% per annum, and are due no later than December 31, 2007. The Company may prepay without penalty all of the outstanding principal amount and accrued interest. Upon receiving notice of the Company's intent to prepay, holders of the debentures may convert the principal amount due to common stock at the rate of one share of common stock for each $.05 of principal amount converted. Upon conversion, the Company will pay all accrued interest. No fractional shares will be issued upon conversion of a debenture. During 2006 debentures totaling $150,000 were converted to 3,000,000 shares of common stock.

Unsecured debentures payable

During the third quarter of 2006 the Company authorized the issuance of unsecured convertible debentures aggregating $800,000. As of September 30, 2006 the Company has issued $330,000 of these debentures at par value for cash. The debentures bear interest at 8% per annum, convertible to common shares at $0.40 per share and are due no later than March 31, 2007. At the option of the Company, interest may be paid in cash or Common Stock, valued at the bid price on the day immediately prior to the date paid. The debentures are not secured by any asset or pledge of the Company or any officer, stockholder or director. The Company has agreed to provide, with respect to the common shares issued upon conversion of the debentures, certain registration rights under the Securities Act of 1933.

Note 7 - Common Stock and Paid-In Capital

At various dates throughout 2006, 2005 and 2004, the Company sold 200,000, 1,100,000 and 360,000 shares, respectively, of common stock with warrants attached for $.25 per share pursuant to an exempt offering. Each subscriber received one share of common stock with two separate warrants to purchase additional shares of Rule 144 stock as follows: (a) ten times the number of shares within one year of the date subscribed at $.025 per share and (b) another ten times the number of shares within two years of the date subscribed at $.05 per share. Warrants not exercised under their terms will be terminated. The Company received $50,000, $275,000 and $90,000, respectively, in cash.

At various dates throughout 2006, 2005 and 2004, the Company issued 4,400,000, 1,740,000 and 340,000 shares, respectively, of its common stock pursuant to the exercise of $.05 warrants by non-employees. The Company received $220,000, $86,000 and $17,000, respectively, in cash.

3DIcon CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

September 30, 2006
(Unaudited)

Note 7 - Common Stock and Paid-In Capital (continued)

At various dates throughout 2006, 2005 and 2004, the Company issued 8,020,000, 3,520,000 and 1,760,000, respectively, of its common stock pursuant to the exercise of $.025 warrants by non-employees. The Company received $200,500, $88,000 and $44,000, respectively, in cash.

As of September 30, 2006, there are warrants outstanding to purchase 2,780,000 shares of common stock at $.025 per share expiring at various dates remaining in 2006; warrants outstanding to purchase 960,000 shares of common stock at $.05 per share expiring at various dates remaining in 2006; warrants to purchase 820,000 shares of common stock at $.025 per share expiring in 2007;warrants to purchase 8,280,000 shares of common stock at $.05 per share expiring in 2007; and warrants to purchase 1,600,000 shares of common stock at $.05 per share expiring at various dates throughout 2008.

Common stock issued for services

During 2006, 1,100,000 shares of common stock were issued for consulting services for which the Company recognized $15,438 of expense.

During 2005, 2,010,000 shares of common stock were issued for consulting services for which the Company recognized $2,469 of expense. During 2004, 3,376,000 shares of common stock were issued for services for consulting which the Company recognized $26,829 of expenses.

Additionally, the Company issued 2,700,000, 7,880,000 and 1,980,000 shares of common stock at various dates throughout 2006, 2005 and 2004, respectively, to its President and Chief Executive Officer for services rendered. The Company issued 900,000, 960,000 and 1,660,000 shares at various dates throughout 2006, 2005 and 2004, respectively, to its employee for services rendered. The shares are valued using the same discount structure as the other common stock transactions and ranged from $.01 to $.09 during 2006, $.0004 to $.0074 during 2005 and $.002 to $.014 during 2004. The Company recognized $191,100, $23,903 and $49,465 in compensation expense in 2006, 2005 and 2004, respectively, related to these transactions.

During 2004, the Company issued 25,000,000 additional founders shares due to the reverse stock split in 2003 and the corporate reorganization that took place during 2004. The shares were valued at par value.

The shares issued were valued at the closing price of the stock on or previous to the date of issuance less a 50% discount due to the restrictive nature of the stock, a 50% discount for lack of earnings or sales consistency of the Company, a 50% discount due to the dollar and share volume of sales of the Company's securities in the public market, and an additional 35% discount due to the trading market in which the Company's securities are sold.

3DIcon CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

September 30, 2006
(Unaudited)

Note 7 - Common Stock and Paid-In Capital (continued)

Common stock rights

Holders of shares of common stock are entitled to one vote per share on all matters submitted to a vote of the stockholders. Shares of common stock do not have cumulative voting rights.

Holders of record of shares of common stock are entitled to receive dividends when and if declared by the board of directors. To date, the Company has not paid cash dividends. The Company intends to retain any earnings for the operation and expansion of its business and does not anticipate paying cash dividends in the foreseeable future. Any future determination as to the payment of cash dividends will depend on future earnings, results of operations, capital requirements, financial condition and such other factors as the board of directors may consider.

Upon any liquidation, dissolution or termination of the Company, holders of shares of common stock are entitled to receive a pro rata distribution of the assets of the Company after liabilities are paid.

Holders of common stock do not have pre-emptive rights to subscribe for or to purchase any stock, obligations or other securities of 3DIcon.

3DIcon CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

September 30, 2006
(Unaudited)

Note 8 - Income taxes

At September 30, 2006, the Company had accumulated net operating losses of approximately $2,700,000 available to reduce future federal and state taxable income. Unless utilized, the loss carry forward amounts will begin to expire in 2013.

The operating loss carryforward, giving rise to deferred tax assets, are reduced by a valuation allowance. The Company has established a valuation allowance for its deferred tax assets due to the uncertainty of the future utilization of the loss carry forward.

The deferred tax asset consisted of the following:

	September 30, 2006
Loss carry forward amount	$ 2,700,000
Effective tax rate	38%
Deferred tax asset	1,026,000
Less valuation allowance	(1,026,000)
Deferred tax asset	$ -0-

Note 9 - Subsequent Events

Sponsored Research Agreement Modification (Note 5)

On November 1, 2006 the Company and The University of Oklahoma (“University”) modified the SRA to provide $125,259 additional funding, extend the term of the agreement through March 31, 2007, and revise the payment schedule to combine the July 15, 2005 remaining balance due of $226,792 with the additional funding into a revised payment schedule. Under the terms of the agreement the Company agreed to pay the combined remaining obligation of $352,051 in four equal installments of $88,013 on December 31, 2006 through March 31, 2007.

Securities Purchase Agreement

To obtain funding for the ongoing operations, the Company entered into a Securities Purchase Agreement with Golden Gate Investors, Inc. (“Golden Gate”) on November 3, 2006, as amended on December 15, 2006 (the “Puchase Agreement”), for the sale of a 6¼% convertible debenture of the Company in the principal amount of $1,250,000. Pursuant to the Purchase Agreement, at such time as the principal balance of this debenture is less than $400,000, the Company shall have the right to require Golden Gate to purchase a second debenture, also in the principal amount of $1,250,000. On November 3, 2006, the Company also issued to Golden Gate a 6¼% convertible debenture in a principal amount of $100,000 and warrants to buy 1,000,000 shares of the common stock at an exercise price of $10.90. The prospectus, which will be filed, relates to the resale of the common stock underlying the initial $1.25 million convertible debenture only.

3DIcon CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

September 30, 2006
(Unaudited)

Note 9 - Subsequent Events (continued)

Golden Gate provided the Company with $125,000 upon execution of the Purchase Agreement. Pursuant to the Purchase Agreement, Golden Gate is required to provide the Company with an additional $312,500 upon effectiveness of the registration statement of which this prospectus is a part. The balance of $812,500 shall be wired to the escrow agent, which is required to release $200,000 of on the first day of each month, beginning with the second month following the effective date of the registration statement.

The debentures bear interest at 6¼%, and are convertible into the Company's common stock, at the selling stockholder's option. The $1.25 million convertible debentures mature three years from the date of issuance. The $100,000 convertible debenture matures five years from the date of issuance. Interest on the 6¼% convertible debentures is payable monthly in cash or, at Golden Gate's option, in shares of common stock of the Company valued at the then applicable conversion price. The initial $1.25 million convertible debenture is convertible into the number of the shares of common stock equal to the dollar amount of the debenture divided by the conversion price. The conversion price for the initial $1.25 million convertible debenture is the lesser of (i) $2.00, (ii) 70% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. The conversion price for the second $1.25 million convertible debenture is the lesser of (i) $2.00 or (ii) 90% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. The conversion price for the $100,000 convertible debenture is the lesser of (i) $4.00 or (ii) 80% of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. Accordingly, there is in fact no limit on the number of shares into which the debenture may be converted over time. If Golden Gate elects to convert a portion of the debenture and, on the day that the election is made, the volume weighted average price is below $0.75, the Company shall have the right to prepay that portion of the debenture that Golden Gate elected to convert, plus any accrued and unpaid interest, at 135% of such amount.

In addition, the Company entered into a registration rights agreement with Golden Gate pursuant to which the Company agreed to file, within 30 days after the closing, the registration statement of which this prospectus is a part covering the common stock issuable upon conversion of the initial $1.25 million debenture only. In the event the Company fails to meet this schedule and other timetables provided in the registration rights agreement, liquidated damages and other potential penalties could be imposed (for example, the discount multiplier of 70% shall decrease by three percentage points for each month or partial month occurring after the Company fails to meet the timetables provided in the registration rights agreement).

3DIcon CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

September 30, 2006
(Unaudited)

Note 9 - Subsequent Events (continued)

In addition, Golden Gate may demand repayment of one hundred and fifteen percent (115%) of the principal amount of the debenture, together with all accrued and unpaid interest on the principal amount of the debenture, in cash, if the Company fails to meet the timetables provided in the registration rights agreement.

In the event the Company elects, and Golden Gate fails, to enter into the second debenture, Golden Gate would be required to pay liquidated damages in the amount of $250,000.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
3DIcon Corporation

We have audited the accompanying balance sheets of 3DIcon Corporation (a Development Stage Company) as of December 31, 2005 and 2004, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended and for the period from January 1, 2001 (inception) to December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 3DIcon Corporation, as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended and for the period from January 1, 2001 (inception), to December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements the Company is a development stage organization with insufficient revenues to fund development and operating expenses. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plan in regard to these matters is also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 9, the financial statements were restated to accrue compensation earned, but not recorded from date of reorganization. We also audited the adjustment described in Note 9 that was applied to restate changes in stockholders' equity for each of the periods from inception to December 31, 2003, and the statements of income and cash flows for the period from inception to December 31, 2005. In our opinion, such adjustments are appropriate and have been properly applied.

/s/ TULLIUS TAYLOR SARTAIN & SARTAIN LLP

Tulsa, Oklahoma
February 23, 2006

Back to Table of Contents

3DIcon CORPORATION
(A Development Stage Company)

BALANCE SHEETS

December 31, 2005 and 2004

	2005	2004
Assets		
Current assets:		
Cash	$ 147,371	$ 7,502
Prepaid expenses	3,450	-
Total assets	$ 150,821	$ 7,502
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Accounts payable	$ 213,696	$ 52,937
Accrued liabilities - compensation due founder	164,022	324,022
Total current liabilities	377,718	376,959
Debentures payable	160,000	-
Total liabilities	537,718	376,959
Stockholders' deficiency:		
Common stock; $.0002 par, 250,000,000 shares authorized; 73,947,656 shares and 56,737,656 shares issued and outstanding at December 31, 2005 and 2004, respectively	14,789	11,347
Additional paid-in capital	1,597,959	1,026,030
Deficit accumulated during development stage	(1,999,645)	(1,406,834)
Total stockholders' deficiency	(386,897)	(369,457)
Total liabilities and stockholders' deficiency	$ 150,821	$ 7,502

See notes to financial statements.

3DIcon CORPORATION
(A Development Stage Company)

STATEMENTS OF INCOME

Years ended December 31, 2005 and 2004
and from Inception - January 1, 2001 to December 31, 2005

	2005	2004	Inception to December 31, 2005
Income			
Sales	$ -	$ -	$ -
Expenses			
Research and development	227,042	14,142	241,184
General and administrative	365,769	603,733	1,758,461
Total expenses	592,811	617,875	1,999,645
Net loss	$ (592,811)	$ (617,875)	$ (1,999,645)
Loss per share:			
Basic	$ .009	$ .015	
Diluted	$ .009	$ .015	
Weighted average shares outstanding	63,134,905	40,448,694	

See notes to financial statements.

Back to Table of Contents

3DIcon CORPORATION
(A Development Stage Company)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

December 31, 2005

	Common Stock			Deficit Accumulated During the	
	Shares	Par Value	Paid-In Capital	Development Stage	Total
Balance, January 1, 2001 - as reorganized	27,723,750	$ 27,724	$ 193,488	$ -	$ 221,212
Adjustment to accrue compensation earned but not recorded (Note 6)	-	-	-	(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
Adjustment to record compensation earned but not recorded (Note 6)	-	-	-	(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
Adjustment to record compensation earned but not recorded (Note 6)	-	-	-	(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)

See notes to financial statements.

3DIcon CORPORATION
(A Development Stage Company)

STATEMENTS OF CASH FLOWS

Years ended December 31, 2005 and 2004
and from Inception - January 1, 2001 to December 31, 2005

	2005	2004	Inception to December 31, 2005
Cash Flows from Operating Activities			
Net loss	$ (592,811)	$ (617,875)	$ (1,999,645)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock issued for services	26,371	76,489	435,786
Asset impairments	-	301,885	292,202
Change in:			
Prepaid expenses	(3,450)	-	(3,450)
Accounts payable and accrued liabilities	100,759	95,959	406,718
Net cash used in operating activities	(469,131)	(143,542)	(868,389)
Cash Flows from Financing Activities			
Proceeds from stock and warrant sales and exercise of warrants	449,000	151,000	855,750
Proceeds from issuance of debentures	160,000	-	160,000
Net cash provided by financing activities	609,000	151,000	1,015,750
Net increase in cash	139,869	7,458	147,361
Cash, beginning of year	7,502	44	10
Cash, end of year	$ 147,371	$ 7,502	$ 147,371

3DIcon CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

Note 1 - Organization and Operations

Organization

3DIcon Corporation (the Company) was incorporated on August 11, 1995, under the laws of the State of Oklahoma as First Keating Corporation. The 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, and the financial information presented is from that date through December 31, 2005. The Company has accounted for this transition as a reorganization and accordingly, restated its capital accounts as of January 1, 2001. From January 1, 2001, the Company's primary activity has been 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.

The mission of the Company is to pursue, develop and market full-color, 360-degree person-to-person holographic technology. Its primary focus is to invest and participate in the commercialization of optical holographic technologies now planned and/or under development, particularly those employing derivative broadband, satellite-based systems. At this time, the Company owns no intellectual property rights in holographic technologies and has no contracts or agreements pending to acquire such rights.

Uncertainties

The accompanying financial statements have been prepared on a going concern basis. The Company is in the development stage and has no source of revenue to fund the development of its planned product and to pay operating expenses, resulting in a cumulative net loss of $1,999,645 for the period from inception (January 1, 2001) to December 31, 2005, and a net loss of $592,811 and $617,875 for the years ended December 31, 2005 and 2004, respectively. The ability of the Company to continue as a going concern during the next year 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.

Note 2 - Summary of Significant Accounting Policies

Research and development

Research and development costs, including payments made to the University of Oklahoma pursuant to the sponsored research agreement (Note 5), are expensed as incurred.

Stock-based compensation

The Company accounts for stock-based compensation arrangements for employees in accordance with Statement of Accounting Standard (SFAS) No. 123(R), *Share-Based Payments*. The Company recognizes expenses for employee services received in exchange for stock based on the grant-date fair value of the shares awarded. The Company accounts for stock issued to non-employees in accordance with the provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, and the related Emerging Issues Task Force (EITF) Consensuses.

Income taxes

The Company accounts for income taxes in accordance with *Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes*. *SFAS No. 109* requires the recognition of deferred tax assets and liabilities for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In addition, *SFAS No. 109* requires the recognition of future tax benefits, such as net operating loss carryforwards, to the extent that realization of such benefits is more likely than not. The amount of deferred tax liabilities or assets is calculated using tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts more likely than not to be realized.

Net income (loss) per common share

The Company computes net income (loss) per share in accordance with *SFAS No. 128, Earnings per Share* and *SEC Staff Accounting Bulletin No. 98 ("SAB 98")*. Under the provisions of *SFAS No. 128* and *SAB 98*, basic net income (loss) per common share is based on the weighted-average outstanding common shares. Diluted net income (loss) per common share is based on the weighted-average outstanding shares adjusted for the dilutive effect of warrants to purchase common stock and convertible debentures. Due to the Company's losses, such potentially dilutive securities are antidilutive for all periods presented. The weighted average number of potentially dilutive shares is 26,140,000 and 4,360,000 for the years ended December 31, 2005 and 2004, respectively.

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.

Note 3 - Recent Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 154, *Accounting Changes and Error Corrections* (SFAS 154), which replaces APB Opinion No. 20, *Accounting Changes*, and FASB Statement 3, *Reporting Accounting Changes in Interim Financial Statements*. This statement changes the requirements for the accounting for and reporting of a change in accounting principle, including all voluntary changes in accounting principles. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. This statement requires voluntary changes in accounting principles be recognized retrospectively to prior periods' financial statements, rather than recognition in the net income of the current period. Retrospective application requires restatements of prior period financial statements as if that accounting principle had always been used. This statement carries forward without change the guidance contained in Opinion 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate. The provisions of SFAS No. 154 are effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005.

Note 4 - Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument held by the Company:

Current assets and current liabilities - The carrying value approximates fair value due to the short maturity of these items.

Debentures payable - The fair value of the Company's debentures payable has been estimated by the Company based upon the liability’s characteristics, including interest rate. The carrying value approximates fair value.

Note 5 - Commitments and Contingencies

On April 20, 2004, the Company entered into a Sponsored Research Agreement entitled "Investigation of Emerging Digital Holography Technologies" (Phase I) with the University of Oklahoma - Tulsa (University), which expired October 19, 2004. The Company paid the University $14,116 pursuant to this agreement. On July 15, 2005, the Company entered into a Sponsored Research Agreement with the University (Phase II), which expires January 14, 2007. Under this agreement the University will conduct a research project entitled "Investigation of 3-Dimensional Display Technologies" and the Company will pay the University $453,584 payable at various dates from November 10, 2005 through July 15, 2006 to cover the costs of the research. Either party may terminate the agreement at any time by giving 60 days written notice.

In November 2005, the Company signed an agreement with Concordia Financial Group, Inc. (Concordia) for Concordia to obtain for the Company bridge capital of not less than $300,000 and additional financing of not less than $3,000,000. The Company will pay Concordia a retainer of $2,000 per month plus direct expenses through June 30, 2006, and a transaction fee of 5% of the proceeds from bridge capital and 5% of capital stock.

At December 31, 2005 and 2004, 17,000,000 shares of common stock are held by a third party and are in dispute as to whether or not they are legally issued. Management contends that the shares were not legally issued and should be returned to the Company. However, they are reported as issued and outstanding at par value in the accompanying financial statements due to the uncertainty surrounding resolution of the issue.

Note 6 - Debentures Payable

On December 15, 2005, the Company issued convertible debentures aggregating $160,000 at par value for cash. The debentures bear interest at 8% per annum, and are due no later than December 31, 2007. The Company may prepay without penalty all of the outstanding principal amount and accrued interest. Upon receiving notice of the Company's intent to prepay, holders of the debentures may convert the principal amount due to common stock at the rate of one share of common stock for each $.05 of principal amount converted. Upon conversion, the Company will pay all accrued interest. No fractional shares will be issued upon conversion of a debenture.

Note 7 - Common Stock and Paid-In Capital

At various dates throughout 2005 and 2004, the Company sold 1,100,000 and 360,000 shares, respectively, of common stock with warrants attached for $.25 per share pursuant to an exempt offering. Each subscriber received one share of common stock with two separate warrants to purchase additional shares of Rule 144 stock as follows: (a) ten times the number of shares within one year of the date subscribed at $.025 per share and (b) another ten times the number of shares within two years of the date subscribed at $.05 per share. Warrants not exercised under their terms will be terminated. The Company received $275,000 and $90,000, respectively, in cash.

At various dates throughout 2005 and 2004, the Company issued 1,740,000 and 340,000 shares, respectively, of its common stock pursuant to the exercise of $.05 warrants by non-employees. The Company received $86,000 and $17,000, respectively, in cash.

At various dates throughout 2005 and 2004, the Company issued 3,520,000 and 1,760,000, respectively, of its common stock pursuant to the exercise of $.025 warrants by non-employees. The Company received $88,000 and $44,000, respectively, in cash.

As of December 31, 2005, there are warrants outstanding to purchase 8,900,000 shares of common stock at $.025 per share expiring at various dates throughout 2006; warrants outstanding to purchase 3,260,000 of common stock at $.05 per share expiring at various dates throughout 2006; and warrants to purchase 10,780,000 shares of common stock at $.05 per share expiring in 2007.

Common stock issued for services

During 2005, 2,010,000 shares of common stock were issued for consulting services for which the Company recognized $2,469 of expense. During 2004, 3,376,000 shares of common stock were issued for services for consulting which the Company recognized $26,829 of expenses.

Additionally, the Company issued 7,880,000 and 1,980,000 shares of common stock at various dates throughout 2005 and 2004, respectively, to its President and Chief Executive Officer for services rendered. The Company issued 960,000 and 1,660,000 shares at various dates throughout 2005 and 2004, respectively, to its employee for services rendered. The shares are valued using the same discount structure as the other common stock transactions and ranged from $.0004 to $.0074 during 2005 and $.002 to $.014 during 2004. The Company recognized $23,903 and $49,465 in compensation expense in 2005 and 2004, respectively, related to these transactions.

During 2004, the Company issued 25,000,000 additional founders shares due to the reverse stock split in 2003 and the corporate reorganization that took place during 2004. The shares were valued at par value.

The shares issued were valued at the closing price of the stock on or previous to the date of issuance less a 50% discount due to the restrictive nature of the stock, a 50% discount for lack of earnings or sales consistency of the Company, a 50% discount due to the dollar and share volume of sales of the Company's securities in the public market, and an additional 35% discount due to the trading market in which the Company's securities are sold.

Common stock rights

Holders of shares of common stock are entitled to one vote per share on all matters submitted to a vote of the shareholders. Shares of common stock do not have cumulative voting rights.

Holders of record of shares of common stock are entitled to receive dividends when and if declared by the board of directors. To date, the Company has not paid cash dividends. The Company intends to retain any earnings for the operation and expansion of its business and does not anticipate paying cash dividends in the foreseeable future.

Any future determination as to the payment of cash dividends will depend on future earnings, results of operations, capital requirements, financial condition and such other factors as the board of directors may consider.

Upon any liquidation, dissolution or termination of the Company, holders of shares of common stock are entitled to receive a pro rata distribution of the assets of the Company after liabilities are paid.

Holders of common stock do not have pre-emptive rights to subscribe for or to purchase any stock, obligations or other securities of 3DIcon.

Note 8 - Income taxes

At December 31, 2005 and 2004, the Company had accumulated net operating losses of approximately $1,588,000 and $1,031,000, respectively, available to reduce future federal and state taxable income. Unless utilized, the loss carry forward amounts will begin to expire in 2013.

The operating loss carry forward, giving rise to deferred tax assets, are reduced by a valuation allowance. The Company has established a valuation allowance for its deferred tax assets due to the uncertainty of the future utilization of the loss carry forward.

The deferred tax asset consisted of the following:

	December 31, 2005	December 31, 2004
Loss carry forward amount	$ 1,588,000	$ 1,031,000
Effective tax rate	38%	38%
Deferred tax asset	603,440	391,780
Less valuation allowance	(603,440)	(391,780)
Deferred tax asset	$ -	$ -

Note 9 - Restatement of Financial Statements

The Company's President and Chief Executive Officer served without cash compensation prior to 2004. During 2004, the Company accrued $210,000 of compensation, which related to years prior to 2004. As such, the Company's beginning accumulated deficit has been adjusted by this amount.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 24. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Our bylaws provide that 3DIcon may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

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

ITEM 25. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth an itemization of all estimated expenses, all of which we will pay, in connection with the issuance and distribution of the securities being registered:

NATURE OF EXPENSE	AMOUNT
SEC Registration fee	$ 197.58
Accounting fees and expenses	15,000*
Legal fees and expenses	50,000*
TOTAL	$ 65,197.58*

* Estimated.

ITEM 26. RECENT SALES OF UNREGISTERED SECURITIES.

During 2005, 2,010,000 shares of common stock were issued for consulting services for which the Company recognized $2,469 of expense. During 2004, 3,376,000 shares of common stock were issued for services for consulting which the Company recognized $26,829 of expenses.

Additionally, the Company issued 7,880,000 and 1,980,000 shares of common stock at various dates throughout 2005 and 2004, respectively, to its President and Chief Executive Officer for services rendered. The Company issued 960,000 and 1,660,000 shares at various dates throughout 2005 and 2004, respectively, to its employee for services rendered. The shares are valued using the same discount structure as the other common stock transactions and ranged from $.0004 to $.0074 during 2005 and $.002 to $.014 during 2004. The Company recognized $23,903 and $49,465 in compensation expense in 2005 and 2004, respectively, related to these transactions.

At various dates throughout 2005 and 2004, the Company sold 1,100,000 and 360,000 shares, respectively, of common stock with warrants attached for $.25 per share pursuant to an exempt offering. Each subscriber received one share of common stock with two separate warrants to purchase additional shares of Rule 144 stock as follows: (a) ten times the number of shares within one year of the date subscribed at $.025 per share and (b) another ten times the number of shares within two years of the date subscribed at $.05 per share. Warrants not exercised under their terms will be terminated. The Company received $275,000 and $90,000, respectively, in cash.

At various dates throughout 2005 and 2004, the Company issued 1,740,000 and 340,000 shares, respectively, of its common stock pursuant to the exercise of $.05 warrants by non-employees. The Company received $86,000 and $17,000, respectively, in cash.

At various dates throughout 2005 and 2004, the Company issued 3,520,000 and 1,760,000, respectively, of its common stock pursuant to the exercise of $.025 warrants by non-employees. The Company received $88,000 and $44,000, respectively, in cash.

During 2004, the Company issued 25,000,000 additional shares to the Company’s founder, President and Chief Executive Officer due to the reverse stock split in 2003 and the corporate reorganization that took place during 2004. The shares were valued at par value.

* All of the above offerings and sales were deemed to be exempt under rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended. No advertising or general solicitation was employed in offering the securities. The offerings and sales were made to a limited number of persons, all of whom were accredited investors, business associates of 3DIcon Corporation or executive officers of 3DIcon Corporation, and transfer was restricted by 3DIcon Corporation in accordance with the

requirements of the Securities Act of 1933. In addition to representations by the above-referenced persons, we have made independent determinations that all of the above-referenced persons were accredited or sophisticated investors, and that they were capable of analyzing the merits and risks of their investment, and that they understood the speculative nature of their investment. Furthermore, all of the above-referenced persons were provided with access to our Securities and Exchange Commission filings.

Except as expressly set forth above, the individuals and entities to whom we issued securities as indicated in this section of the registration statement are unaffiliated with us.

ITEM 27. EXHIBITS.

The following exhibits are included as part of this Form SB-2. References to "the Company" in this Exhibit List mean 3DIcon Corp., an Oklahoma corporation.

3.1	Certificate of Incorporation
3.2	Bylaws
3.3	Amended Certificate of Incorporation
3.4	Amended Certificate of Incorporation
3.5	Amended Certificate of Incorporation
5.1	Consent of Sichenzia Ross Friedman Ference LLP
10.1	Securities Purchase Agreement
10.2	Amendment No. 1 to Securities Purchase Agreement and Debenture
10.3	Registration Rights Agreement
10.4	$100,000 convertible debenture
10.5	$1.25 million convertible debenture
10.6	Common Stock Purchase Warrant
10.7	Sponsored Research Agreement by and between 3DIcon Corporation and the Board of Regents of the University of Oklahoma
10.8	Sponsored Research Agreement Modification No. 1 by and between 3DIcon Corporation and the Board of Regents of the University of Oklahoma
10.9	Sponsored Research Agreement Modification No. 2 by and between 3DIcon Corporation and the Board of Regents of the University of Oklahoma
23.1	Consent of Sichenzia Ross Friedman Ference LLP (see Exhibit 5.1)
23.2	Consent of Tullius Taylor Sartain & Sartain LLP

ITEM 28. UNDERTAKINGS.

The undersigned registrant hereby undertakes to:

(1) File, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to: (i) Include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act"); (ii) Reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of the securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of a prospectus filed with the Commission pursuant to Rule 424(b) under the Securities Act if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement, and (iii) Include any additional or changed material information on the plan of distribution.

(2) For determining liability under the Securities Act, treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.

(3) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

(4) For determining liability of the undersigned small business issuer under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned undertakes that in a primary offering of securities of the undersigned small business issuer pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned small business issuer will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned small business issuer relating to the offering required to be filed pursuant to Rule 424; (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned small business issuer or used or referred to by the undersigned small business issuer; (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned small business issuer or its securities provided by or on behalf of the undersigned small business issuer; and (iv) Any other communication that is an offer in the offering made by the undersigned small business issuer to the purchaser.

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

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

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant, 3DIcon Corporation, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and has duly caused this Registration Statement on Form SB-2 to be signed on its behalf by the undersigned, thereunto duly authorized.

3DICON CORPORATION

/s/ Martin Keating
Name: *Martin Keating*
Title: *Chief Executive Officer*
(Principal Executive and Financial Officer)

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement on Form SB-2 has been signed below by the following persons in the capacities and on the dates indicated:

	SIGNATURE	*TITLE*	*DATE*
By:	*/s/ Martin Keating* *Martin Keating*	*President, Chief Executive Officer Director* *(Principal Executive and Financial Officer)*	*December 15, 2006*
By:	*/s/Philip Suomu* *Philip Suomu*	*Director*	*December 15, 2006*
By:	*/s/John O'Connor* *John O'Connor*	*Director*	*December 15, 2006*

OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF INCORPORATION

WHEREAS, the Certificate of Incorporation of,

FIRST KEATING **CORPORATION**

has been filed in the office of the Secretary of State as provided by the laws of the State of Oklahoma.

NOW THEREFORE, I, the undersigned, Secretary of State of the State of Oklahoma, by virtue of the powers vested in me by law, do hereby issue this certificate evidencing such filing

IN TESTIMONY WHEREOF, I hereunto set my hand and cause to be affixed the Great Seal of the State of Oklahoma,

Filed in the City of Oklahoma City this 11TH
day of AUGUST, 1995. .

/s/

Secretary of State

CERTIFICATE OF INCORPORATION
OF
FIRST KEATING CORPORATION

FILED
AUG 11, 1995

OKLA: SECRETARY *OF STATE*

TO THE OKLAHOMA SECRETARY OF STATE:

The undersigned incorporators hereby certify as follows:

FIRST: The name of this Corporation is First Keating Corporation.

SECOND: The address of the corporation's registered office in the State of Oklahoma is 7507 South Sandusky, Tulsa, Tulsa County, Oklahoma 74136-6107. The name of the corporation's registered, agent at such address is Martin Keating.

THIRD: The effective date of incorporation shall be August 11, 1995.

FOURTH: The duration of the corporation shall be perpetual.

FIFTH: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the general corporation law of the State of Oklahoma.

SIXTH: The total number of shares of stock which the corporation shall have authority to issue is 5,000,000 shares, each of the shares having a par value of $. 01, thereby resulting in the corporation having total authorized capital stock in the amount of $50,000.00 all of which shall be common stock.

SEVENTH: The name and mailing address of the incorporator is as follows:

NAME	MAILING ADDRESS
Larry D. Leonard	1516 S. Boston Ave., Suite 316 Tulsa, OK 74119-4019

EIGHTH: To the extent and in the manner provided by the laws of the State of Oklahoma, the Board of Directors is expressly authorized to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred.

NINTH: The vote of the majority of the holder's of stock and three quarters of the members of the board of directors shall be required to approve a sale, lease or exchange of substantially all or all of the assets of the corporation, the liquidation of the corporation, the merger or consolidation of the corporation with another corporation or the dissolution of the corporation.

THE UNDERSIGNED for the purpose of forming a corporation under the laws of the State of Oklahoma does certify that the facts herein stated are true, and has accordingly hereunder set their hand this 9th day of August, 1995.

"INCORPORATOR"

Larry D. Leonard

BYLAWS
OF FIRST KEATING CORPORATION

ARTICLE I

OFFICES

The Registered Office of the Corporation shall be in the City of Tulsa, County of Tulsa, State of Oklahoma. The Corporation may also have offices at such other places, both within and without the State of Oklahoma, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

SHAREHOLDERS

Section 1. Meetings of Shareholders. All meetings of the Shareholders of the Corporation, for any purpose, shall be held at such place within or without the State of Oklahoma as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting.

Section 2. Annual Meeting. The annual meeting of Shareholders shall be held on the 1st day of August at 10:00 a.m., or at such other date and time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which the Shareholders shall elect, by majority vote, a Board of Directors and transact such other business as may properly be brought before the meeting.

Section 3. Notice of Annual Meeting. Written notice of the annual meeting stating the location, date and hour of the meeting shall be given to each Shareholder entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting.

Section 4. Special Meetings. Special meetings of the Shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the Chairman of the Board, President or Secretary at the request in writing of a majority of the Board of Directors, or at the request in writing of Shareholder's owning a majority in amount of the entire capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 5. Notice of Special Meeting. Written notice of a special meeting stating the location, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given to each Shareholder entitled to vote thereat, not less than ten (10) nor more than sixty (60) days before the date of the meeting.

Section 6. Closing of Transfer Books and Fixing Record Date. The Officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every annual meeting of Shareholders, a complete list of the Shareholders entitled to vote at the Meeting, arranged in alphabetical order, and showing the address of each shareholder and the number of shares registered in the name of each Shareholder. Such list shall be open to the examination of any Shareholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the Meeting during the whole time thereof, and may be inspected by any Shareholder who is present.

Section 7. Limitation on Business Transacted. Business transacted at any special Meeting of Shareholders shall be limited to the purposes stated in the notice.

Section 8. Quorum. The holders of the majority of the shares issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all Meetings of the Shareholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any Meeting of the Shareholders, the Shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented, At such adjourned meeting at Which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Shareholder of record entitled to vote at the meeting.

Section 9. Vote Required. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the statutes or of the Certificate of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 10. Voting. Unless otherwise provided in the Certificate of Incorporation, each Shareholder shall, at every Meeting of the Shareholders, be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such Shareholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 11. Action By Consent. Any action required to be taken or which may be taken at any annual or Special Meeting of the Shareholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number[1] of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action by the Shareholders without a meeting by less than unanimous written consent shall be given to those Shareholders who have not consented in writing.

ARTICLE III

DIRECTORS

Section 1. General Powers. The business of the Corporation shall be managed by or under the direction of its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised ox done by the Shareholders.

Section 2. Number of Directors. The number of Directors which shall constitute the whole board shall be not less than one nor more than seven. The first board shall consist of one (1) Director. Thereafter, within the limits above specified, the number of Directors shall be determined by resolution of the Board of Directors or by the Shareholders at an annual or special meeting. The Directors shall be elected at the Annual Meeting of the Shareholders, except as provided in Section 3 of this Article, and each Director elected shall hold office until his successor is elected and qualified or until removed. Directors need not be either Shareholders or residents of the State of Oklahoma.

Section 3. Vacancies . Vacancies and newly created directorships resulting from any increase in the authorized number of Directors may be filled by a majority *of* the Directors then in office, though less than a quorum, or by a sole remaining Director, and the Directors so chosen shall hold office until the next annual election or until their successors are duly elected and qualified, unless sooner displaced. If there are no Directors in office, then an election of Directors may be held in the manner provided by law.

Section 4. Meetings of Directors. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Oklahoma.

Section 5. Annual Meeting. Regular meetings of the Board of Directors may be held at such time and place as shall be determined by the Board of Directors and if so determined, no notice thereof need be given. At least five (5) days notice of all regular meetings shall be given stating the time, date and location of such meeting as well as the business to be conducted thereat.

Section 6. Special Meetings. Special meetings of the board may be called by the president on three days' notice to each Director, either personally or by mail or by telegram. Special meetings shall be called by the Chairman of the Board, any Vice Chairman of the Board, the President, any Vice-president or the Secretary in like manner and on like notice on the written request of two "Directors unless the board consists of less than three Directors in which case special meetings shall be called by the Chairman of the Board, any Vice Chairman of the Board, the President, any Vice-President or the Secretary in like manner and on like notice on the written request of only one Director. Notice of such meetings shall state the place, date, hour and business to be conducted at such meeting.

Section 7. Quorum. At all meetings of the board a majority of the Directors shall constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any Committee thereof may be taken without a meeting, if all members of the Board or Committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or Committee.

Section 9. Participation In Meeting By Conference Telephone. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the Board of Directors, or any Committee designated by the Board of Director's, may participate in a meeting of the Board of Directors, or any Committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 10. Committees of the Board of Directors. The Board of Directors, by a vote of the majority of all members of the Board of Directors, may from time to time designate committees of the Board of Directors, each committee to consist of two (2) or more of the directors, to serve at the pleasure of the Board of Directors. Any committee so designated may exercise such power and authority of the Board of Directors as the resolution so designating the committee shall provide. In the absence or disqualification of any member of any committee, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Such committee or committees shall have the name or names as may be determined from time to time by resolution adopted by the Board of Directors.

Section 11. Conduct of Business. Each committee may determine the procedural rules for meeting and conducting business and shall act in accordance therewith, except as otherwise provided herein or required by law. One-third of the members shall constitute a quorum unless the committee shall consist of two (2) members, in which event one (1) member shall constitute a quorum. All matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all member's thereof consent thereto in writing, and the writing or writings are filed with the minutes of the proceeding of such committee. All committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

Section 12. Executive Committee. This Corporation may have an Executive Committee composed of directors of this Corporation consisting of three members appointed by the Board of Directors. This committee shall be designated the "Executive Committee". Members of the Executive Committee shall serve until terminated by the Board of Directors or their position is vacated by death or resignation. Except as otherwise provided by law, the Executive Committee shall have and may exercise all powers of the Board of Directors and the management of the business and affairs of the Corporation shall be conducted by the Executive Committee between meetings of the Board of Directors as if such actions were regularly adopted and exercised by the Board of Directors.

Section 13. Salaries and Expenses of Directors. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of Directors. The Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board *of* Directors or a stated salary as Director. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 14. Removal of Directors. Unless otherwise restricted by the Certificate of Incorporation or Bylaws, any Director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at a regular or Special Meeting of Shareholders.

ARTICLE IV

NOTICES

Section 1. Forms of Notice. Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, notice is required to be given to any Director- or Shareholder, it shall not be construed to mean personal notice. Such notice may be given in writing, by mail, addressed to such Director or Shareholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to Directors may also be given by telegram and, in such case, shall be deemed given when delivered to the sending telegram office.

Section 2. Waiver. Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto,

ARTICLE V

OFFICERS

Section 1. General. The Officers of the Corporation shall be chosen by the Board of Directors and shall, at a minimum, consist of a president and a secretary. The Board of Directors may also choose additional officers, including a chairman of the board, a vice chairman of the board, one or more vice-presidents, a treasurer, and one or more assistant secretaries and assistant treasurer's. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these Bylaws otherwise provide.

Section 2. Election of Officers. The Board of Directors at its first meeting and after each Annual Meeting of Shareholders shall choose, at a minimum, a President and a Secretary.

Section 3. Other Officers. The Board of Directors may appoint such other Officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. Salaries. The salaries of all Officers and agent of the Corporation shall be fixed by the Board of Directors.

Section 5. Term of Office. The Officers of the Corporation shall hold office until their successors are chosen and qualify. Any Officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

Section 6. The Chairman of the Board. The Chairman of the Board, or, in the absence of the Chairman, a Vice Chairman of the Board of Directors, if chosen, shall preside at all meetings of the Board of Directors, and shall perform such other duties and have such other powers as the Board of Director's may from time to time prescribe.

Section 7. The President. The President shall be the Chief Executive Officer of the Corporation, shall preside at all meetings of the Shareholders and the Board of Directors, shall have general and active management of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other Officer- or Agent of the Corporation.

Section 8. The Vice-President. In the absence of the President or in the event of the President's inability or refusal to act, the Vice-President (or in the event there be more than one Vice-President, the Vice-presidents in the order designated by the Directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-Presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 9. The Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the Shareholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or' cause to be given, notice of all meetings of the Shareholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President, under whose supervision he shall be. The Secretary shall have custody of the corporate seal of the Corporation and the Secretary, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the Secretary's signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other Officer to affix the seal of the Corporation and to attest the affixing by such persons' signature.

Section 10. The Assistant Secretary. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 11. The Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated, by the Board of Directors.

Section 12. Reports. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Director's, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all the Treasurer's transactions as Treasurer and of the financial condition of the Corporation.

Section 13. Bond. The Treasurer, if required by the Board of Directors, shall give the Corporation a bond (which shall be renewed at such intervals as the Board requires) in such sum and with surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the Treasurer's office and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the Corporation.

Section 14. The Assistant Treasurer. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Treasurer or in the event of the Treasurer's inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE VI

CERTIFICATES FOR SHARES; TRANSFER;
RECORD DATE AND REGISTERED SHAREHOLDERS

Section 1. Stock Certificates. The shares of the Corporation shall be represented by a certificate or certificates. Certificates shall be signed by, or in the name of the Corporation by, the Chairman or Vice-chairman of the Board of Directors, or the President or a Vice-President and the Treasurer' or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation.

Section 2. Facsimile Signatures. Any or all of the signatures on a certificate may be facsimile. In case any Officer, Transfer Agent or Registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such Officer, Transfer Agent or Registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person was such Officer, Transfer Agent or- Registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or[1] certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. when authorizing such issue of a new certificate or certificates or certificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or such person's legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claims that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed,.

Section 4. Transfer of Stock. Subject to transfer restrictions permitted by the Oklahoma General Corporation Act and restrictions on transfer imposed by the Corporation to prevent possible violations of federal and state securities laws, upon surrender' to the Corporation or the Transfer' Agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 5. Fixing Record Date. In order that the Corporation may determine the Shareholders entitled to notice of or to vote at any meeting of Shareholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or- entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less then ten days before the date of such meeting, nor more than sixty days prior to any other- action. A determination of Shareholders of record entitled to notice of or to vote at a meeting of Shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Registered Shareholders. The Corporation shall be entitled to recogni2e the exclusive right of a person registered on its books as the owner of shares for all purposes, including, without limitation, the right to receive dividends and to vote on all issues submitted to a vote of Shareholders, and shall, not be bound to recognize any equitable or other- claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Oklahoma.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 2. Reserve. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interest of the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

Section 3. Annual Statement. The Board of Directors shall present at each annual meeting, and at any special meeting of the Shareholders when called for by vote of the Shareholders, a full and clear[1] statement of the business and condition of the Corporation.

Section 4. Checks or Demands for Money. All checks or demands for money and notes of the Corporation shall be signed by such Officer or Officers or such other person or persons as the Board of Directors may from time to time designate.

Section 5. Fiscal Year. The fiscal year of the Corporation shall be as set by resolution of the Board of Directors.

Section 6. Seal. The corporate seal shall have inscribed thereon the name of the Corporation and, may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 7. Books of Account. The Corporation's Books of Account and other records shall be kept at its principal place of business.

ARTICLE VIII

INDEMNIFICATION OF OFFICERS. DIRECTORS. EMPLOYEES AND AGENTS

Section 1 . Indemnification: Actions other than by the Corporation. The corporation may indemnify any person who was (or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys[1] fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contender e or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or' not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2 . Indemnification: Actions by the Corporation. The corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director', officer, employee or' agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 3. Expenses and Attorneys' Fees. To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsection 8.1 or 8.2 of this Article VIII, or in defense of any claim, issue or matter therein, he may be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him in connection therewith.

Section 4. Authorization of Indemnification. Any indemnification under the provisions of subsection 8,1 or 8.2 of this Article VIII, unless ordered by a court, shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer-, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsection 8.1 or 8.2 of this Article VIII. Such determination shall be made:

(1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or

(2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or

(3) by the shareholders.

Section 5. Advance Indemnification. Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized by the provisions of this Article VIII. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

Section 6. Non-Exclusive Indemnification. The indemnification provided by or granted pursuant to the other provisions in this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. Insurance. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or[1] is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article VIII.

Section 8. Constituent Corporation. For purposes of this Article VIII, references to "the corporation" shall include without limitation, in addition to this corporation, any constituent corporation, including any constituent of a constituent, absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under[1] the provisions of this Article VIII with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

Section 9. Other Enterprises. For purposes of this Article VIII, references to "other enterprises" shall include without limitation employee benefit plans; references to "fines" shall include without limitation any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include without limitation any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services, by such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Article VIII.

Section 10. Continuation. The indemnification and advancement of expenses provided by, or granted pursuant to this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person,

ARTICLE IX
AMENDMENTS

Section 1. These Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the Shareholders or- by the Board of Director's, when such power is conferred upon the Board of Directors by the Certificate of Incorporation at any regular meeting of the Shareholders or of the Board of Directors or any Special Meeting of the Shareholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new Bylaws be contained in the notice of such special meeting. If the power to adopt, amend or repeal Bylaws is conferred upon the Board of Directors by the Certificate of Incorporation, it shall not divest or limit the power of the Shareholders to adopt, amend or repeal Bylaws.

APPROVED and RATIFIED this 11th day of August, 1995.

ATTEST
[seal]

Martin Keating, President

By:

Martin Keating,Secretary

OFFICE OF THE SECRETARY OF STATE

AMENDED
CERTIFICATE OF INCORPORATION

WHEREAS, *the Amended Certificate of Incorporation of*

3D1CON CORPORATION

has been filed in the office of the Secretary of State as provided by the laws of the State of Oklahoma,

NOW THEREFORE, I, *the undersigned, Secretary of State oj the State of Oklahoma, by virtue of the powers vested in me by law, do hereby issue this certificate evidencing such filing,*

IN ***TESTIMONY WHEREOF, I*** *hereunto set my hand and cause to be affixed the Great Seal of the State of Oklahoma.*

Filed in the city of Oklahoma City this
31st day of October. 2003

Secretary of State

FILED - Oklahoma Secretary of State #1900555617 10/31/2003 07:52

SOS

AMENDED CERTIFICATE OF INCORPORATION

535920032

TO: OKLAHOMA SECRETARY OF STATE
2300 N. Lincoln Blvd.
Room 101
State Capitol Building
Oklahoma City, OK 73105-
4897 (405) 522-4560

The undersigned Oklahoma corporation, for the purpose of amending its certificate of incorporation as provided by Section 1077 of the Oklahoma General Corporation Act, hereby certifies:

1. A. The name of the corporation is:

FIRST KEATING CORPORATION

B. As amended: The name of the corporation has been changed to:

3DICON CORPORATION

The nThe name of the registered agent and the street address of the registered office in the State of Oklahoma is:

Martin Keating, 7507 South Sandusky, Tulsa, OK 74136
Tulsa County, Oklahoma

3. The duration of the corporation is: PERPETUAL

4. The aggregate number of the authorized shares, itemized by class, par value of shares, shares without par value, and series, if any, within a class is:

NUMBER OF SHARES	SERIES **(if any)**	**FAR VALUE PER SHARE (Or, if without par value, so state)**
COMMON: 250,000,000		**$0.0002**
PREFERRED:		

5. Set forth clearly any and all amendments to the certificate of incorporation which are desired to be made:

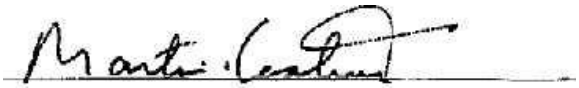
A. Change of name from First Keating Corporation to 3DIcon Corporation,.

B. Change of the number of authorized shares and par value of the common voting stock of the corporation from 50,000,000 shares at par value of $.001 to 250,000,000 shares at par value of $.0002.

That at a meeting of the Board of Directors, a resolution was duly adopted setting forth the foregoing proposed amendment(s) to the Certificate of Incorporation of said corporation, declaring said amendment(s) to be advisable and calling a meeting of the shareholders of said corporation for consideration thereof,.

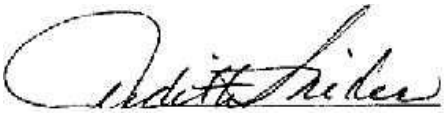
That thereafter,, pursuant to said resolution of its Board of Directors, consent was obtained in writing approving the amendment to the Certificate of Incorporation as set forth above and signed by the holders of outstanding stock having not less than the minimum number of votes which would be necessary to authorize or take the action at a meeting at which all shares entitled to vote thereon were present, and said Consent, has been delivered to the officer of the corporation having custody of the book in which proceedings of meetings of shareholders are recorded.. Delivery of the Consent was made by hand and is on file at the principal office of the corporation,

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed by its President and attested by its Secretary effective as of the 1st day of August, 2003.



Martin Keating, President

ATTEST:



Judy Snider, Secretary

TULSA OFFICE

PHONE (918) 581-2751
FACSIMILE (918) 581-2776

OKLAHOMA TAX COMMISSION

OCTOBER 23, 2003

Secretary of State
Room 101, State Capitol Building
Oklahoma City OK 7.3105

RE: FIRST KEATING CORPORATION

Qualification Date: 8111995

Dear Secretary:

This is to certify that the files of this office show the referenced Corporation has filed a Franchise Tax return of the fiscal year ending JUNE 30, 2004, and has paid the Franchise Tax as shown by said return . i •. l ⁚ No certification is made as to any corporate Franchise Taxes which may be due but not yet assessed, nor which have been assessed and protested. This letter may not therefore be accepted for purposes of dissolution or withdrawal,

Sincerely,
OKLAHOMA TAX COMMISSION

TAXPAYER ASSISTANCE DIVISION

OFFICE OF THE SECRETARY OF STATE

RESTATED
CERTIFICATE OF INCORPORATION

WHEREAS, the Restated Certificate of Incorporation of

FIRST KEATING CORPORATION

Has been filed in the office of the Secretary of State as provided by the laws of the State of Oklahoma.

NOW THEREFORE, I, *the undersigned, Secretary of State of the State of Oklahoma, by virtue of the powers vested in me by* taw, *do hereby issue this certificate evidencing such filing*

IN TESTIMONY WHEREOF, I *hereunto set my hand and cause to be affixed the Great Seal of the State of Oklahoma*

Filed in the City of Oklahoma City this 11TH
day of MAY, 2001.

/s/

Secretary of State

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
FIRST KEATING CORPORATION

FILED
May 11, 2001
Oklahoma Secretary
Of State

ARTICLE I

NAME

The name of the corporation is First Keating Corporation.

ARTICLE II

REGISTERED OFFICE AND AGENT

The registered office of the corporation in the State of Oklahoma is located at 7507 South Sandusky, Tulsa, Tulsa County Oklahoma 74136-6107. The corporation's registered agent, at that office is Martin Keating.

ARTICLE III

PURPOSE

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the Oklahoma General corporation.

ARTICLE IV

CAPITALIZATION

The total number of shares which this corporation is authorized to issues is 50,000,000 shares of Common Stock par value $.001 per share.

The Board of Directors shall have the power and authority to issue without shareholder approval debentures or other securities convertible into, or warrants or operations to subscribe for or purchase, authorized shares of Common Stock of the corporation upon such terms and conditions as shall be determined by action of the Board of Directors.

DECEIVED

MAY 11 2001
OKLAHOMA
SECRETARY
OF STATE

ARTICLE V

NO CUMULATIVE VOTING

The holders of record of the Common Stock shall have one vote for each share held of record. Cumulative voting for the election of directors or otherwise is not permitted.

ARTICLE VI

NO PREEMPTIVE RIGHTS

No holder of record of Common Stock shall, have a preemptive right or be entitled as a matter of right to subscribe for or purchase any: (i) shares of capital stock of the corporation of any class whatsoever; (ii) warrants, options or rights *of* the corporation; or (iii) securities convertible into, or carrying warrants, options or rights to subscribe for or purchase, capital stock of the corporation of any class whatsoever, whether now or hereafter authorized.

ARTICLE VII

BOARD OF DIRECTORS

The Board of Directors shall consist of from one (1) to seven (7) directors who shall serve as directors until the next annual meeting of shareholders or until their respective successor is duly elected and qualified. The number of directors may be changed from time to time in accordance with the bylaws of the corporation then in effect. Election of directors at a meeting of shareholders need not be by written ballot.

ARTICLE VIII

AMENDMENT OF BYLAWS

The Board of Directors of the corporation is expressly authorized and empowered to make, alter, amend or repeal the bylaws of the corporation and to adopt new bylaws.

ARTICLE IX

POSSIBLE CONFLICTS OF INTEREST

No agreement or transaction involving the corporation or any other corporation, partnership, proprietorship, trust association or other entity in which the corporation owns an interest or in which a director or officer of the corporation has a financial interest shall be void or voidable solely for this reason or solely because any such director or officer is present at or participates in the approval of such agreement or transaction.

ARTICLE X

INDEMNIFICATION

To the full extent not prohibited by the law as in effect from time to time, the corporation shall indemnify any person (and the heirs, executors and representatives of such person) who is or was a director, officer, employee or agent of the corporation, or who, at the request of this corporation, is or was a director, officer, employee, agent, partner, or trustee, as the case may be, of any other corporation, partnership, proprietorship, trust, association or other entity in which this corporation owns an interest, against any and all liabilities and reasonable expenses incurred by such person in connection with or resulting from any claim, action, suit or proceeding, whether brought by or in the right of the corporation or otherwise and whether civil, criminal, administrative or investigative in nature, and in connection with an appeal relating thereto, in which such person is a party or is threatened to be made a party by reason of serving or having served in any such capacity.

ARTICLE XI

NO DIRECTOR LIABILITY IN CERTAIN CASES

To the maximum extent permitted by law as in effect from time to time, and specifically as of August 11, 1995, no director of the corporation shall be liable to the corporation or its shareholders for monetary damages for breach of any fiduciary duty as a director, provided that this provision shall not eliminate or limit the liability of a director for: (i) any breach of the director's duty of loyalty to the corporation or its shareholders; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) unlawful payment of dividends or stock redemptions; or (iv) any transaction from which the director derived an improper personal benefit.

ARTICLE XII

CERTAIN COMPROMISES

Whenever a compromise or arrangement, is proposed between this corporation and its creditors or any class of them and/or between this corporation and its shareholders or any class of them, any court of equitable jurisdiction within the State of Oklahoma, on the application in a summary way of this corporation or of any creditor or shareholder thereof, or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 1106 of Title 18 of the Oklahoma Statutes as in effect from time to time or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 1100 of Title 18 of the Oklahoma Statutes as in effect, from time to time, may order *a* meeting of the creditors, and/or of the shareholders or class of shareholders of this corporation, as the case may be, to be summoned in such manner as the court directs , If a majority in number representing three-fourths (3/4ths) in value of the creditors or class of creditors, and/or of the shareholders or class of shareholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, and/or on all the shareholders or class of shareholders, of this corporation, as the case may be, and also on this corporation.

IN WITNESS WHEREOF, the corporation has caused this Amended and Restated Certificate of Incorporation to be signed by its President and attested by its corporate Secretary this 9th day of May, 2001.

Martin Keating, President

Martin Keating, Sole Director

ATTEST:

Martin Keating, Secretary

STATE OF OKLAHOMA)

) ss.

COUNTY Of TULSA }

I, a Notary Public, hereby certify that on the 9th day of May, 2001, personally appeared before me, Martin Keating, who after having been duly sworn, declared that he is President and Sole Director of First Keating Corporation, that he signed the foregoing Amended and Restated Certificate of Incorporation as his free and voluntary act and deed for and on behalf of that corporation for the uses and purposes therein stated and that the fact therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 9th day of May, 2001.

Notary Public

My commission expires:

1-30-2003

OKLAHOMA TAX COMMISSION

TULSA OFFICE

PHONE (913) 5812399
FACSIMILE (913) 581-2087

MAY 8, 2001

Secretary of State
Room 101, State Capitol Building
Oklahoma City OK 73105

RE: FIRST KEATING CORPORATION

Qualification Date: AUGUST 11, 1995

Dear Secretary:

This is to certify that the files of this office show the referenced corporation has filed a Franchise Tax return of the fiscal year ending June 30, 2001, and has paid the Franchise Tax as shown by said return.

No certification is made as to any corporate Franchise Taxes which may be due but not yet assessed, nor which have been assessed and protested.

This letter may not therefore be accepted for purposes of dissolution or withdrawal.

Sincerely,

OKLAHOMA TAX COMMISSION

TAXPAYER ASSISTANCE DIVISION

gdstnd doc

OFFICE OF THE SECRETARY OF STATS

AMENDED

CERTIFICATE OF INCORPORATION

WHEREAS, the Amended Certificate of Incorporation of

FIRST KEATING CORPORATION

has been filed in the office of the Secretary of State as provided by the laws of the State of Oklahoma.

NOW THEREFORE, I, the undersigned, Secretary of State of the State of Oklahoma, by virtue of the powers vested in me by law, do hereby issue this certificate evidencing such filing.

IN TESTIMONY WHEREOF, I hereunto set my hand and cause to be affixed the Great Seal of the State of Oklahoma.

Filed in the City of Oklahoma City this I6TH
day of
SEPTEMBER 1998

Secretary of State

AMENDED

FILED

CERTIFICATE OF INCORPORATION

PR TNT CLEARLY
SOS CORP.. KEY:

(After Receipt; of Payment; of Stock)

SEP 1 6 1998
OKLAHOMA SECRETARY OF STATE

FOR OFFICE USE ONLY

PLEASE NOTE: This form MUST be filed with a letter from the Oklahoma Tax Commission stating the franchise tax has been *paid* for the current fiscal year. If the authorized capital is increased in excess of fifty thousand dollars ($50,000.00), the filing fee shall be an amount equal to one-tenth of one percent (1/10 of 1%) of such increase.

TO THE SECRETARY" OF STATE OP THE STATE OF OKLAHOMA, 101 State Capitol Bldg., Oklahoma City, OK 73105:

The undersigned Oklahoma corporation, for the purpose of amending its certificate of incorporation as provided by Section 1077 of the Oklahoma General Corporation Act, hereby certifies:

1. A. The name of the corporation *is:* First Keating Corporation

B. As amended: The name of the corporation has been changed to:

2. A. No change, as filed X
B.As amended: The address of the registered office in the State of Oklahoma and the name of the registered agent at such address is.

NAME	STREET ADDRESS (P.O.BOXES ARE NOT ACCEPTABLE)	CITY	COUNTY	ZIP CODE

3. A. No Change, as filed_____ X.

B. As amended: The duration of the corporation is: _____

4. A. No change, as filed_____X _ .
B. As amended: The purpose or purposes for which the corporation *is* formed are:

RECEIVED

SEP 16
1998

OKLAHOMA SECRE WHY OF STATE

OKLAHOMA
SECRETARY OF STATE

5.A. No change, as filed _ .
B. As amended: The aggregate number of the authorized shares, itemized by class, par value of shares, shares without par value, and series, if any, within a class is:

NUMBER OF SHARES	SERIES	PAR VALUE PER SHARE
Common 50,000,000		- $.001 ---
Preferred		----

TOTAL NO. SHARES: 50,000,000 _____ TOTAL AUTHORIZED CAPITAL: $50,000.00

That at a meeting of the Board of Directors, a resolution was duly adopted setting forth the foregoing proposed amendment(s) to the Certificate of Incorporation of said corporation, declaring said amendment(s) to be advisable and calling a meeting of the shareholders of said corporation for consideration thereof.

That thereafter, pursuant to said resolution of its Board of Directors, a meeting of the shareholders of said corporation was duly called and held, at which meeting the necessary number of shares as required by statute were voted in favor of the amendment(s).

SUCH AMENDMENT(S) WAS DULY ADOPTED IN ACCORDANCE WITH 18 O.S., 11077.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed by its President and attested by its Secretary, this 31st day of July, 1998.

Martin Keating, President

ATTEST:

Martin Keating, Secretary

OKLAHOMA TAX COMMISSION

TULSA OFFICE

PHONE (918) 581-2399
FACSIMILE (918) 581-2087

September 9,1998

Secretary of State
Room 101, State Capital Building
Oklahoma City OK 73105

RE: First Keating Corporation

Qualification Date: 08/11/1995

Dear Secretary:

This is to certify that the records of' this office show the referenced corporation has filed a Franchise Tax return of the fiscal year and ending June 30, 1999 and has paid the Franchise Tax as shown by said return

No certification is made as to any corporate Franchise Taxes which may be due but not yet assessed, nor which have been assessed and protested.

This letter- may not therefore be accepted for purposes of dissolution or withdrawal.

Sincerely,

OKLAHOMA TAX COMMISSION

Mary L. Robinson TPA

Business Tax Division

Registration Section

EXHIBIT 5.1

SICHENZIA ROSS FRIEDMAN FERENCE LLP
1065 Avenue of the Americas, 21st Flr.
New York, NY 10018
Telephone: (212) 930-9700
Facsimile: (212) 930-9725

December 15, 2006

VIA ELECTRONIC TRANSMISSION
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

RE: 3DIcon Corporation

Form SB-2 Registration Statement (File No. 333-_____)

Ladies and Gentlemen:

We refer to the above-captioned registration statement on Form SB-2 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), filed by 3DIcon Corporation., an Oklahoma corporation (the "Company"), with the Securities and Exchange Commission.

We have examined the originals, photocopies, certified copies or other evidence of such records of the Company, certificates of officers of the Company and public officials, and other documents as we have deemed relevant and necessary as a basis for the opinion hereinafter expressed. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as certified copies or photocopies and the authenticity of the originals of such latter documents.

Based on our examination mentioned above, we are of the opinion that the securities being sold pursuant to the Registration Statement are duly authorized and will be, when issued in the manner described in the Registration Statement, legally and validly issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement and to the reference to our firm under "Legal Matters" in the related Prospectus. In giving the foregoing consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Act, or the rules and regulations of the Securities and Exchange Commission.

/s/ Sichenzia Ross Friedman Ference LLP

Sichenzia Ross Friedman Ference LLP

SECURITIES PURCHASE AGREEMENT

Securities Purchase Agreement dated as of November 3, 2006 (this "**Agreement**") by and between 3DIcon Corporation, an Oklahoma corporation, with principal executive offices located at 7507 Sandusky Ave., Tulsa, Oklahoma 74136 (the "**Company**"), and Golden Gate Investors, Inc., a California corporation ("**Holder**").

WHEREAS, Holder desires to purchase from the Company, and the Company desires to issue and sell to Holder, upon the terms and subject to the conditions of this Agreement, a Convertible Debenture of the Company in the aggregate principal amount of $1,250,000 (the "**Debenture**"); and

WHEREAS, upon the terms and subject to the conditions set forth in the Debenture, the Debenture is convertible into shares of the Company's Common Stock (the "**Common Stock**"); and

WHEREAS, upon the satisfaction of the terms and conditions more specifically set forth in this Agreement and upon compliance with the terms of the Debenture, the Holder has agreed to purchase from the Company, and the Company has agreed to issue and sell to Holder, a second Convertible Debenture in the aggregate principal amount of $1,250,000 (the "Second Debenture").

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

I. PURCHASE AND SALE OF DEBENTURE

A. Transaction. Holder hereby agrees to purchase from the Company, and the Company has offered and hereby agrees to issue and sell to Holder in a transaction exempt from the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), the Debenture.

B. Purchase Price; Form of Payment. The purchase price for the Debenture to be purchased by Holder hereunder shall be $1,250,000 (the "**Purchase Price**"). Simultaneously with the execution of this Agreement, Holder shall pay $125,000 of the Purchase Price (the "Initial Purchase Price") by wire transfer of immediately available funds to the Company. Simultaneously with the execution of this Agreement, the Company shall deliver the Convertible Debenture (which shall have been duly authorized, issued and executed I/N/O Holder or, if the Company otherwise has been notified, I/N/O Holder's nominee). Upon notification and verification that the Registration Statement for the Conversion Shares has been declared effective by the Securities and Exchange Commission ("**Commission**"), and such shares can legally be issued to Holder (such date, the "Effective Date"), Holder shall pay the Company as follows: (1) $312,500 of the Purchase Price by wire transfer of immediately available funds to the Company and, (2) the balance of $812,500 by wire to the Escrow Agent. The Escrow Agent shall release (by wire transfer to an account designated by the Company) $200,000 of such amount on the first day of each month, beginning with the second month following the Effective Date, and continuing until the full Purchase Price has been paid, provided that, at the time that any funds are to be paid by the Escrow Agent to the Company: (a) the value of the Conversion Shares remaining under the Registration Statement is at least $400,000 (calculated by multiplying the number of remaining shares registered under the Registration Statement that are available for issuance as Conversion Shares by the Volume Weighted Average Prices of the stock for the five Trading Days prior to the date that funds are to be released by the Escrow Agent), and (b) the Company has complied with all of the terms and conditions of the Debenture and this Agreement.

_____ _____

Initials Initials

Subject to the two conditions set forth in subclauses (a) and (b) immediately above, release of amounts from the Escrow to the Company following the Effective Date shall be subject to no contingency whatsoever, other than the passage of time. Further, in the event funds are not required to be disbursed from the Escrow due to the existence of the contingency provided in subclause (a) above, the Company shall not be deemed to be in default under any provision of this Agreement, the Debenture or the Registration Rights Agreement by reason of the failure to have available for issuance a sufficient number of shares registered under the Registration Statement for conversion only as to any portion of the Purchase Price not yet funded or with respect to which an adequate number of Conversion Shares are available for issuance.

Upon notification and verification that the Registration Statement for the Conversion Shares has been declared effective by the Commission (such date, the "Effective Date"), and such shares can legally be issued to Holder upon payment therefore in accordance with the terms of this Agreement and the Debenture, the Company shall, concurrently with the payment to the Escrow Agent of the $812,500 Purchase Price described in the immediately preceding paragraph, deliver that number of the Company's registered Common Shares (in 20 certificates of equal amount) equal to $2,500,000 divided by the average of the closing prices of the Company's Common Shares for the five Trading Days prior to the Effective Date, registered in the name of Holder, to Sichenzia Ross Friedman Ference LLP ("Escrow Agent"), who shall hold the shares in trust as a joint escrow agent for the Company and Holder. The delivery of such shares and the balance of the Purchase Price shall occur no later than five Business Days after the Effective Date. Such shares may only be released by the Escrow Agent pursuant to valid Debenture conversions notices submitted by Holder. Any shares not released to Holder for Debenture conversions shall be returned to the Company. It is understood that Holder shall not be considered the owner of the Company Common Shares held in escrow, and Holder agrees that it will not vote the shares in escrow or exercise any control whatsoever over such shares until such times as the shares are released to Holder by the Escrow Agent.

C. **Purchase of Second Debenture**. At such time as the Principal Balance of the Debenture is less than $400,000, and provided the Company is then in compliance with the terms of the Debenture and this Agreement, the Company shall sell and the Holder shall purchase the Second Debenture, with the terms of the Second Debenture and payment of the purchase price thereof subject to the same terms and conditions of this Agreement, the Debenture and the Registration Rights Agreement, and when the Second Debenture is issued, the term "Debenture" as used in this Agreement and the Registration Rights Agreement shall be deemed to include the Second Debenture in all respects. The closing of the purchase and sale of the Second Debenture shall occur within thirty days of the date that the Principal Balance of the Debenture is less than $400,000. In the event that Holder fails to enter into the Second Debenture in accordance with the terms of this section, Holder shall pay the Company liquidated damages of $150,000.

_____ _____

Initials Initials

II. HOLDER'S REPRESENTATIONS AND WARRANTIES

Holder represents and warrants to and covenants and agrees with the Company as follows:

1. Holder is purchasing the Debenture and the Common Stock issuable upon conversion or redemption of the Debenture (the "**Conversion Shares**" and, collectively with the Debenture, the "**Securities**") for its own account, for investment purposes only and not with a view towards or in connection with the public sale or distribution thereof in violation of the Securities Act.

2. Holder (i) is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act, (ii) is experienced in making investments of the kind contemplated by this Agreement, (iii) is capable, by reason of its business and financial experience, of evaluating the relative merits and risks of an investment in the Securities, and (iv) has had the opportunity to ask questions of and receive answers from management of the Company, and (v) is able to afford the loss of its investment in the Securities. Holder is incorporated under the laws of the state set forth in the preamble to this Agreement, and Holder's principal place of business is located in such state.

3. Holder understands that the Securities are being offered and sold by the Company in reliance on an exemption from the registration requirements of the Securities Act and equivalent state securities and "blue sky" laws, and that the Company is relying upon the accuracy of, and Holder's compliance with, Holder's representations, warranties and covenants set forth in this Agreement to determine the availability of such exemption and the eligibility of Holder to purchase the Securities;

4. Holder understands that the Securities have not been approved or disapproved by the Commission or any state or provincial securities commission.

5. This Agreement has been duly and validly authorized, executed and delivered by Holder and is a valid and binding agreement of Holder enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and except as rights to indemnity and contribution may be limited by federal or state securities laws or the public policy underlying such laws.

6. Assuming the compliance by the Company with the terms of this Agreement, the Debenture and the Registration Rights Agreement, the Holder will fulfill its obligation to purchase the Second Debenture in accordance with the provisions of Section I.C. above.

_____ _____

Initials Initials

III. THE COMPANY'S REPRESENTATIONS

The Company represents and warrants to Holder that:

A. Capitalization.

1. The authorized capital stock of the Company consists of 250,000,000 shares of Common Stock and -0- shares of Series A Preferred Stock of which 95,000,000 shares and -0- shares, respectively, are issued and outstanding as of the date hereof and are fully paid and nonassessable. The amount, exercise, conversion or subscription price and expiration date for each outstanding option and other security or agreement to purchase shares of Common Stock is accurately set forth on Schedule III.A.1.

2. The Conversion Shares have been duly and validly authorized and reserved for issuance by the Company, and, when issued by the Company upon conversion of the Debenture, will be duly and validly issued, fully paid and nonassessable and will not subject the holder thereof to personal liability by reason of being such holder.

3. Except as disclosed on Schedule III.A.3., there are no preemptive, subscription, "call," right of first refusal or other similar rights to acquire any capital stock of the Company or other voting securities of the Company that have been issued or granted to any person and no other obligations of the Company to issue, grant, extend or enter into any security, option, warrant, "call," right, commitment, agreement, arrangement or undertaking with respect to any of their respective capital stock.

B. Organization; Reporting Company Status.

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the state or jurisdiction in which it is incorporated and is duly qualified as a foreign corporation in all jurisdictions in which the failure so to qualify would reasonably be expected to have a material adverse effect on the business, properties, prospects, condition (financial or otherwise) or results of operations of the Company or on the consummation of any of the transactions contemplated by this Agreement (a "**Material Adverse Effect**").

2. The Company is currently not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). The Common Stock is currently traded over the counter via the "pink sheets" through the Interdealer Trading and Quotation System ("Pink Sheets") and the Company has not received any notice regarding, and to its knowledge there is no threat of, the termination or discontinuance of the eligibility of the Common Stock for such trading.

C. Authorization. The Company (i) has duly and validly authorized and reserved for issuance shares of Common Stock, which is a number sufficient for the conversion of the Debenture and (ii) at all times from and after the date hereof shall have a sufficient number of shares of Common Stock duly and validly authorized and reserved for issuance to satisfy the conversion of the Debenture in full. The Company understands and acknowledges the potentially dilutive effect on the Common Stock of the issuance of the Conversion Shares. The Company further acknowledges that its obligation to issue Conversion Shares upon conversion of the Debenture in accordance with this Agreement is absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other stockholders of the Company and notwithstanding the commencement of any case under 11 U.S.C. § 101 et seq. (the "**Bankruptcy Code**"). In the event the Company is a debtor under the Bankruptcy Code, the Company hereby waives to the fullest extent permitted any rights to relief it may have under 11 U.S.C. § 362 in respect of the conversion of the Debenture. The Company agrees, without cost or expense to Holder, to take or consent to any and all action necessary to effectuate relief under 11 U.S.C. § 362.

_____ _____

Initials Initials

D. Authority; Validity and Enforceability. The Company has the requisite corporate power and authority to enter into the Documents (as such term is hereinafter defined) and to perform all of its obligations hereunder and thereunder (including the issuance, sale and delivery to Holder of the Securities). The execution, delivery and performance by the Company of the Documents and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance of the Debenture and the issuance and reservation for issuance of the Conversion Shares) have been duly and validly authorized by all necessary corporate action on the part of the Company. Each of the Documents has been duly and validly executed and delivered by the Company and each Document constitutes a valid and binding obligation of the Company enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and except as rights to indemnity and contribution may be limited by federal or state securities laws or the public policy underlying such laws. The Securities have been duly and validly authorized for issuance by the Company and, when executed and delivered by the Company, will be valid and binding obligations of the Company enforceable against it in accordance with their respective terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally. For purposes of this Agreement, the term "**Documents**" means (i) this Agreement; (ii) the Registration Rights Agreement dated as of even date herewith between the Company and Holder; and (iii) the Debenture.

E. Validity of Issuance of the Securities. The Debenture, the Conversion Shares upon their issuance in accordance with the Debenture will be validly issued and outstanding, fully paid and nonassessable, and not subject to any preemptive rights, rights of first refusal, tag-along rights, drag-along rights or other similar rights.

F. Non-contravention. The execution and delivery by the Company of the Documents, the issuance of the Securities, and the consummation by the Company of the other transactions contemplated hereby and thereby do not, and compliance with the provisions of this Agreement and other Documents will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or loss of a material benefit under, or result in the creation of any Lien (as such term is hereinafter defined) upon any of the properties or assets of the Company or any of its Subsidiaries under, or result in the termination of, or require that any consent be obtained or any notice be given with respect to (i) the Articles or Certificate of Incorporation or By-Laws of the Company or the comparable charter or organizational documents of any of its Subsidiaries, in each case as amended to the date of this Agreement, (ii) any loan or credit agreement, debenture, bond, mortgage, indenture, lease, contract or other agreement, instrument or permit applicable to the Company or any of its Subsidiaries or their respective properties or assets or (iii) any Law (as such term is hereinafter defined) applicable to, or any judgment, decree or order of any court or government body having jurisdiction over, the Company or any of its Subsidiaries or any of their respective properties or assets.

_____ _____

Initials Initials

G. Approvals. No authorization, approval or consent of any court or public or governmental authority is required to be obtained by the Company for the issuance and sale of the Securities to Holder as contemplated by this Agreement, except such authorizations, approvals and consents as have been obtained by the Company prior to the date hereof.

H. Full Disclosure. There is no fact known to the Company (other than general economic or industry conditions known to the public generally) that has not been fully disclosed by the Company through press releases or otherwise that (i) reasonably could be expected to have a Material Adverse Effect or (ii) reasonably could be expected to materially and adversely affect the ability of the Company to perform its obligations pursuant to the Documents.

I. Absence of Events of Default. No "**Event of Default**" (as defined in any agreement or instrument to which the Company is a party) and no event which, with notice, lapse of time or both, would constitute an Event of Default (as so defined), has occurred and is continuing.

J. Securities Law Matters. Assuming the accuracy of the representations and warranties of Holder set forth in Article II.C, the offer and sale by the Company of the Securities are exempt from (i) the registration and prospectus delivery requirements of the Securities Act and the rules and regulations of the Commission thereunder and (ii) the registration and/or qualification provisions of all applicable state and provincial securities and "blue sky" laws. The Company shall not directly or indirectly take, and shall not permit any of its directors, officers or Affiliates directly or indirectly to take, any action (including, without limitation, any offering or sale to any person or entity of any security similar to the Debenture) which will make unavailable the exemption from Securities Act registration being relied upon by the Company for the offer and sale to Holder of the Debenture and the Conversion Shares as contemplated by this Agreement. No form of general solicitation or advertising has been used or authorized by the Company or any of its officers, directors or Affiliates (as such term is defined in the Debenture) in connection with the offer or sale of the Debenture (and the Conversion Shares) as contemplated by this Agreement or any other agreement to which the Company is a party.

K. Registration Rights. Except as set forth on Schedule III.K., no Person has, and as of the Closing (as such term is hereinafter defined), no Person shall have, any demand, "piggy-back" or other rights to cause the Company to file any registration statement under the Securities Act relating to any of its securities or to participate in any such registration statement.

L. Interest. The timely payment of interest on the Debenture is not prohibited by the Articles or Certificate of Incorporation or By-Laws of the Company, in each case as amended to the date of this Agreement, or any agreement, contract, document or other undertaking to which the Company is a party.

_____ _____

Initials Initials

M. No Misrepresentation. No representation or warranty of the Company contained in this Agreement or any of the other Documents, any schedule, annex or exhibit hereto or thereto or any agreement, instrument or certificate furnished by the Company to Holder pursuant to this Agreement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

N. Finder's Fee. There is no finder's fee, brokerage commission or like payment in connection with the transactions contemplated by this Agreement for which Holder is liable or responsible.

IV. CERTAIN COVENANTS AND ACKNOWLEDGMENTS

A. Filings. The Company shall make all necessary Commission Filings and "blue sky" filings required to be made by the Company in connection with the sale of the Securities to Holder as required by all applicable laws, and shall provide a copy thereof to Holder promptly after such filing.

B. Reporting Status. In the event that the Company hereafter becomes subject to the reporting requirements of the Exchange Act, and so long thereafter as Holder beneficially owns any of the Securities, the Company shall thereafter timely file all reports required to be filed by it with the Commission pursuant to Section 13 or 15(d) of the Exchange Act.

C. Listing. Except to the extent the Company lists its Common Stock on The New York Stock Exchange, The American Stock Exchange or The Nasdaq Stock Market, the Company shall use its best efforts to maintain its listing of the Common Stock in the Pink Sheets. If the Common Stock is no longer subject to trading in the over the counter market via the Pink Sheets, the Company will use its best efforts to list the Common Stock on the most liquid national securities exchange or quotation system that the Common Stock is qualified to be listed on.

D. Reserved Conversion Common Stock. The Company at all times from and after the date hereof shall have such number of shares of Common Stock duly and validly authorized and reserved for issuance as shall be sufficient for the conversion in full of the Debenture.

E. Information. Each of the parties hereto acknowledges and agrees that Holder shall not be provided with, nor be given access to, any material non-public information relating to the Company.

F. Accounting and Reserves. The Company shall maintain a standard and uniform system of accounting and shall keep proper books and records and accounts in which full, true, and correct entries shall be made of its transactions, all in accordance with GAAP applied on consistent basis through all periods, and shall set aside on such books for each fiscal year all such reserves for depreciation, obsolescence, amortization, bad debts and other purposes in connection with its operations as are required by such principles so applied.

G. Transactions with Affiliates. So long as the Debenture is outstanding, neither the Company nor any of its Subsidiaries shall, directly or indirectly, enter into any material transaction or agreement with any stockholder, officer, director or Affiliate of the Company or family member of any officer, director or Affiliate of the Company, unless the transaction or agreement is (i) reviewed and approved by a majority of Disinterested Directors (as such term is hereinafter defined) and (ii) on terms no less favorable to the Company or the applicable Subsidiary than those obtainable from a nonaffiliated person. A "**Disinterested Director**" shall mean a director of the Company who is not and has not been an officer or employee of the Company and who is not a member of the family of, controlled by or under common control with, any such officer or employee.

_____ _____

Initials Initials

H. Certain Restrictions. So long as the Debenture is outstanding, no dividends shall be declared or paid or set apart for payment nor shall any other distribution be declared or made upon any capital stock of the Company, nor shall any capital stock of the Company be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of shares of Common Stock made for purposes of an employee incentive or benefit plan (including a stock option plan) of the Company or pursuant to any of the security agreements listed on Schedule III.H) for any consideration by the Company, directly or indirectly, nor shall any moneys be paid to or made available for a sinking fund for the redemption of any Common Stock.

I. Short Selling/Volume Limitations. So long as the Debenture is outstanding, Holder agrees and covenants on its behalf and on behalf of its Affiliates that neither Holder nor its Affiliates shall at any time engage in any short sales with respect to the Company's Common Stock, or sell put options or similar instruments with respect to the Company's Common Stock. The parties acknowledge that Holder on and after the Effective Date shall be entitled to sell the Common Stock from each Debenture conversion immediately upon submission of the applicable Debenture Conversion Notice, and payment of the purchase price, to the Company for such Common Stock; provided, however, that Holder agrees that it shall not sell any volume of Common Stock in excess of the greater of: (i) 15% of the daily volume of the Company's common shares traded on that Trading Day (which volume may include shares of Common Stock traded by the Holder), or (ii) 15% of the average dollar volume (computed by multiplying the low price of the Common Stock by the number of shares traded) for the 20 Trading Days prior to the Closing Date, unless the Company gives its prior written permission to sell more shares or the sales price of the Common Stock received by Holder is above $1.50 per share.

V. ISSUANCE OF COMMON STOCK

A. The Company undertakes and agrees that no instruction other than the instructions referred to in this Article V and customary stop transfer instructions prior to the registration and sale of the Common Stock pursuant to an effective Securities Act registration statement shall be given to its transfer agent for the Conversion Shares and that the Conversion Shares shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement, the Registration Rights Agreement and applicable law. Nothing contained in this Section V.A. shall affect in any way Holder's obligations and agreement to comply with all applicable securities laws upon resale of such Common Stock.

B. Holder shall have the right to convert the Debenture by telecopying an executed and completed Conversion Notice (as such term is defined in the Debenture) to the Company. Each date on which a Conversion Notice is telecopied to and received by the Company in accordance with the provisions hereof shall be deemed a Conversion Date (as such term is defined in the Debenture). In the event the number of registered Common Shares delivered to the Escrow Agent by the Company pursuant to Section I.B hereof are insufficient to cover an authorized Conversion by the Holder, the Company shall cause the transfer agent to transmit the certificates evidencing the Common Stock issuable upon conversion of the Debenture (together with a new debenture, if any, representing the principal amount of the Debenture not being so converted) to Holder via express courier, or if a Registration Statement covering the Common Stock has been declared effective by the SEC by electronic transfer, within two (2) business days after receipt by the Company of the Conversion Notice (the "**Delivery Date**").

_____ _____

Initials Initials

C. Upon the conversion of the Debenture or part thereof, the Company shall, at its own cost and expense, take all necessary action (including the issuance of an opinion of counsel) to assure that the Company's transfer agent shall issue stock certificates in the name of Holder (or its nominee) or such other persons as designated by Holder and in such denominations to be specified at conversion representing the number of shares of common stock issuable upon such conversion or exercise. The Company warrants that the Conversion Shares will be unlegended, free-trading, and freely transferable, and will not contain a legend restricting the resale or transferability of the Company Common Stock provided, on the Conversion Date the Holder (or its nominee) are not Affiliates of the Company and the Conversion Shares are being sold pursuant to an effective registration statement covering the Common Stock to be sold or are otherwise exempt from registration when sold.

D. The Company understands that, in the event the number of registered Common Shares delivered to the Escrow Agent by the Company pursuant to Section I.B hereof are insufficient to cover an authorized Conversion by the Holder, a delay in the delivery of the Common Stock in the form required pursuant to this section, or the Mandatory Redemption Amount described in Section E hereof, beyond the Delivery Date or Mandatory Redemption Payment Date (as hereinafter defined) could result in economic loss to the Holder. As compensation to the Holder for such loss, the Company agrees to pay late payments to the Holder for late issuance of Common Stock in the form required pursuant to Section E hereof upon Conversion of the Debenture or late payment of the Mandatory Redemption Amount, in the amount of $100 per business day after the Delivery Date or Mandatory Redemption Payment Date, as the case may be, for each $10,000 of Debenture principal amount being converted or redeemed. The Company shall pay any payments incurred under this Section in immediately available funds upon demand. Furthermore, in addition to any other remedies which may be available to the Holder, in the event that the Company fails for any reason to effect delivery of the Common Stock by the Delivery Date or make payment by the Mandatory Redemption Payment Date, the Holder will be entitled to revoke all or part of the relevant Notice of Conversion or rescind all or part of the notice of Mandatory Redemption by delivery of a notice to such effect to the Company whereupon the Company and the Holder shall each be restored to their respective positions immediately prior to the delivery of such notice, except that late payment charges described above shall be payable through the date notice of revocation or rescission is given to the Company.

E. In the event the Company is prohibited from issuing Common Stock, or upon the occurrence of an Event of Default (as defined in the Debenture) or for any reason other than pursuant to the limitations set forth herein, then at the Holder's election, the Company must pay to the Holder ten (10) business days after request by the Holder a sum of money determined by multiplying up to the then outstanding principal amount of the Debenture designated by the Holder by 115%, together with accrued but unpaid interest thereon ("Mandatory Redemption Payment"). The Mandatory Redemption Payment must be received by the Holder within ten (10) business days after request ("Mandatory Redemption Payment Date"). Upon receipt of the Mandatory Redemption Payment, the corresponding Debenture principal and interest will be deemed paid and no longer outstanding.

_____ _____

Initials Initials

F. In addition to any other rights available to the Holder, if the Company fails to deliver to the Holder such Common Stock issuable upon conversion of a Debenture by the Delivery Date and if ten (10) days after the Delivery Date the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Common Stock which the Holder anticipated receiving upon such conversion (a "Buy-In"), then the Company shall pay in cash to the Holder (in addition to any remedies available to or elected by the Holder) the amount by which (A) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (B) the aggregate principal and/or interest amount of the Debenture for which such conversion was not timely honored, together with interest thereon at a rate of 15% per annum, accruing until such amount and any accrued interest thereon is paid in full (which amount shall be paid as liquidated damages and not as a penalty). For example, if the Holder purchases shares of Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted conversion of $10,000 of Debenture principal and/or interest, the Company shall be required to pay the Holder $1,000, plus interest. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In.

G. The Debenture shall be delivered by the Company to the Holder pursuant to Section I.B. hereof on a “delivery-against-payment basis” at the Closing.

VI. CLOSING DATE

The Closing shall occur by the delivery: (i) to the Holder of the certificate evidencing the Debenture and all other Agreements, and (ii) to the Company the Purchase Price.

VII. CONDITIONS TO THE COMPANY’S OBLIGATIONS

Holder understands that the Company’s obligation to sell the Debenture on the Closing Date to Holder pursuant to this Agreement is conditioned upon:

A. Delivery by Holder to the Company of the Initial Purchase Price;

B. The accuracy on the Closing Date of the representations and warranties of Holder contained in this Agreement as if made on the Closing Date (except for representations and warranties which, by their express terms, speak as of and relate to a specified date, in which case such accuracy shall be measured as of such specified date) and the performance by Holder in all material respects on or before the Closing Date of all covenants and agreements of Holder required to be performed by it pursuant to this Agreement on or before the Closing Date; and

_____ _____
Initials Initials

C. There shall not be in effect any law or order, ruling, judgment or writ of any court or public or governmental authority restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement.

In the event Holder fails or refuses to pay the balance of the Purchase Price for the Debenture as provided for herein for any reason other than an existing Event of Default (as defined in the Debenture) of the Company, the Company shall be relieved of any and all further obligations hereunder or under the Debenture, other than the obligation to repay the then outstanding Principal Amount of the Debenture, with interest at the stated rate thereon, to Holder within ninety (90) days after the breach of this Agreement by Holder.

VIII. CONDITIONS TO HOLDER'S OBLIGATIONS

The Company understands that Holder's obligation to purchase the Securities on the Closing Date pursuant to this Agreement is conditioned upon:

A. Delivery by the Company of the Debenture and the other Agreements (I/N/O Holder or I/N/O Holder's nominee);

B. The accuracy on the Closing Date of the representations and warranties of the Company contained in this Agreement as if made on the Closing Date (except for representations and warranties which, by their express terms, speak as of and relate to a specified date, in which case such accuracy shall be measured as of such specified date) and the performance by the Company in all material respects on or before the Closing Date of all covenants and agreements of the Company required to be performed by it pursuant to this Agreement on or before the Closing Date, all of which shall be confirmed to Holder by delivery of the certificate of the chief executive officer of the Company to that effect;

C. There not having occurred (i) any general suspension of trading in, or limitation on prices listed for, the Common Stock on the OTCBB/Pink Sheet, (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, (iii) the commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States or any of its territories, protectorates or possessions or (iv) in the case of the foregoing existing at the date of this Agreement, a material acceleration or worsening thereof;

D. There not having occurred any event or development, and there being in existence no condition, having or which reasonably and foreseeably could have a Material Adverse Effect;

E. There shall not be in effect any Law, order, ruling, judgment or writ of any court or public or governmental authority restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement;

F. The Company shall have obtained all consents, approvals or waivers from governmental authorities and third persons necessary for the execution, delivery and performance of the Documents and the transactions contemplated thereby, all without material cost to the Company;

_____ _____

Initials Initials

G. Holder shall have received such additional documents, certificates, payment, assignments, transfers and other deliveries as it or its legal counsel may reasonably request and as are customary to effect a closing of the matters herein contemplated;

H. Delivery by the Company of an enforceability opinion (subject to all normal qualifications and exceptions) from its outside counsel in form and substance satisfactory to Holder.

IX. SURVIVAL; INDEMNIFICATION

A. The representations, warranties and covenants made by each of the Company and Holder in this Agreement, the annexes, schedules and exhibits hereto and in each instrument, agreement and certificate entered into and delivered by them pursuant to this Agreement shall survive the Closing and the consummation of the transactions contemplated hereby. In the event of a breach or violation of any of such representations, warranties or covenants, the party to whom such representations, warranties or covenants have been made shall have all rights and remedies for such breach or violation available to it under the provisions of this Agreement or otherwise, whether at law or in equity, irrespective of any investigation made by or on behalf of such party on or prior to the Closing Date.

B. The Company hereby agrees to indemnify and hold harmless Holder, its Affiliates and their respective officers, directors, partners and members (collectively, the "**Holder Indemnitees**") from and against any and all losses, claims, damages, judgments, penalties, liabilities and deficiencies (collectively, "**Losses**") and agrees to reimburse Holder Indemnitees for all out-of-pocket expenses (including the fees and expenses of legal counsel), in each case promptly as incurred by Holder Indemnitees and to the extent arising out of or in connection with:

1. any misrepresentation, omission of fact or breach of any of the Company's representations or warranties contained in this Agreement or the other Documents, or the annexes, schedules or exhibits hereto or thereto or any instrument, agreement or certificate entered into or delivered by the Company pursuant to this Agreement or the other Documents;

2. any failure by the Company to perform in any material respect any of its covenants, agreements, undertakings or obligations set forth in this Agreement or the other Documents or any instrument, certificate or agreement entered into or delivered by the Company pursuant to this Agreement or the other Documents;

C. Holder hereby agrees to indemnify and hold harmless the Company, its Affiliates and their respective officers, directors, partners and members (collectively, the "**Company Indemnitees**") from and against any and all Losses, and agrees to reimburse the Company Indemnitees for all out-of-pocket expenses (including the fees and expenses of legal counsel), in each case promptly as incurred by the Company Indemnitees and to the extent arising out of or in connection with:

1. any misrepresentation, omission of fact or breach of any of Holder's representations or warranties contained in this Agreement or the other Documents, or the annexes, schedules or exhibits hereto or thereto or any instrument, agreement or certificate entered into or delivered by Holder pursuant to this Agreement or the other Documents; or

2. any failure by Holder to perform in any material respect any of its covenants, agreements, undertakings or obligations set forth in this Agreement or the other Documents or any instrument, certificate or agreement entered into or delivered by Holder pursuant to this Agreement or the other Documents.

D. Promptly after receipt by either party hereto seeking indemnification pursuant to this Article VIII (an "**Indemnified Party**") of written notice of any investigation, claim, proceeding or other action in respect of which indemnification is being sought (each, a "**Claim**"), the Indemnified Party promptly shall notify the party against whom indemnification pursuant to this Article VIII is being sought (the "**Indemnifying Party**") of the commencement thereof, but the omission so to notify the Indemnifying Party shall not relieve it from any liability that it otherwise may have to the Indemnified Party except to the extent that the Indemnifying Party is materially prejudiced and forfeits substantive rights or defenses by reason of such failure. In connection with any Claim as to which both the Indemnifying Party and the Indemnified Party are parties, the Indemnifying Party shall be entitled to assume the defense thereof. Notwithstanding the assumption of the defense of any Claim by the Indemnifying Party, the Indemnified Party shall have the right to employ separate legal counsel and to participate in the defense of such Claim, and the Indemnifying Party shall bear the reasonable fees, out-of-pocket costs and expenses of such separate legal counsel to the Indemnified Party if (and only if): (x) the Indemnifying Party shall have agreed to pay such fees, out-of-pocket costs and expenses, (y) the Indemnified Party and the Indemnifying Party reasonably shall have concluded that representation of the Indemnified Party and the Indemnifying Party by the same legal counsel would not be appropriate due to actual or, as reasonably determined by legal counsel to the Indemnified Party, potentially differing interests between such parties in the conduct of the defense of such Claim, or if there may be legal defenses available to the Indemnified Party that are in addition to or disparate from those available to the Indemnifying Party or (z) the Indemnifying Party shall have failed to employ legal counsel reasonably satisfactory to the Indemnified Party within a reasonable period of time after notice of the commencement of such Claim. If the Indemnified Party employs separate legal counsel in circumstances other than as described in clauses (x), (y) or (z) above, the fees, costs and expenses of such legal counsel shall be borne exclusively by the Indemnified Party. Except as provided above, the Indemnifying Party shall not, in connection with any Claim in the same jurisdiction, be liable for the fees and expenses of more than one firm of legal counsel for the Indemnified Party (together with appropriate local counsel). The Indemnifying Party shall not, without the prior written consent of the Indemnified Party (which consent shall not unreasonably be withheld), settle or compromise any Claim or consent to the entry of any judgment that does not include an unconditional release of the Indemnified Party from all liabilities with respect to such Claim or judgment.

E. In the event one party hereunder should have a claim for indemnification that does not involve a claim or demand being asserted by a third party, the Indemnified Party promptly shall deliver notice of such claim to the Indemnifying Party. If the Indemnified Party disputes the claim, such dispute shall be resolved by mutual agreement of the Indemnified Party and the Indemnifying Party or by binding arbitration conducted in accordance with the procedures and rules of the American Arbitration Association. Judgment upon any award rendered by any arbitrators may be entered in any court having competent jurisdiction thereof.

X. GOVERNING LAW

This Agreement shall be governed by and interpreted in accordance with the laws of the State of California, without regard to the conflicts of law principles of such state.

XI. SUBMISSION TO JURISDICTION

Each of the parties hereto consents to the exclusive jurisdiction of the federal courts whose districts encompass any part of the City of San Diego or the state courts of the State of California sitting in the City of San Diego in connection with any dispute arising under this Agreement and the other Documents. Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may effectively do so, any defense of an inconvenient forum or improper venue to the maintenance of such action or proceeding in any such court and any right of jurisdiction on account of its place of residence or domicile. Each party hereto irrevocably and unconditionally consents to the service of any and all process in any such action or proceeding in such courts by the mailing of copies of such process by registered or certified mail (return receipt requested), postage prepaid, at its address specified in Article XVII. Each party hereto agrees that a final judgment which is not subject to further appeal in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

XII. WAIVER OF JURY TRIAL

TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OTHER DOCUMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT AND OTHER DOCUMENTS. EACH PARTY HERETO (i) CERTIFIES THAT NEITHER OF THEIR RESPECTIVE REPRESENTATIVES, AGENTS OR ATTORNEYS HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (ii) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS HEREIN.

XIII. s COUNTERPARTS; EXECUTION

This Agreement may be executed in counterparts, each of which when so executed and delivered shall be an original, but both of which counterparts shall together constitute one and the same instrument. A facsimile transmission of this signed Agreement shall be legal and binding on both parties hereto.

_____ _____

Initials Initials

XIV. HEADINGS

The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

XV. SEVERABILITY

In the event any one or more of the provisions contained in this Agreement or in the other Documents should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

XVI. ENTIRE AGREEMENT; REMEDIES, AMENDMENTS AND WAIVERS

This Agreement and the Documents constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of such parties. No supplement, modification or waiver of this Agreement shall be binding unless executed in writing by both parties. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

XVII. NOTICES

Except as may be otherwise provided herein, any notice or other communication or delivery required or permitted hereunder shall be in writing and shall be delivered personally, or sent by telecopier machine or by a nationally recognized overnight courier service, and shall be deemed given when so delivered personally, or by telecopier machine or overnight courier service as follows:

A. If to the Company, to:

3D Icon Corporation
7507 Sandusky Ave.
Tulsa, Oklahoma 74136
Telephone: 918-492-5082
Facsimile: 918-492-5367

_____ _____
Initials Initials

With a copy to:

John M. O'Connor
Newton, O'Connor, Turner & Ketchum
15 W. Sixth Street, Suite 2700
Tulsa, Oklahoma 74119
Telephone: 918-587-0101
Facsimile: 918-587-0102

B. If to Holder, to:

Golden Gate Investors, Inc.
7817 Herschel Avenue, Suite 200
La Jolla, California 92037
Telephone: 858-551-8789
Facsimile: 858-551-8779

The Company or Holder may change the foregoing address by notice given pursuant to this Article XVII.

XVIII. CONFIDENTIALITY

Each of the Company and Holder agrees to keep confidential and not to disclose to or use for the benefit of any third party the terms of this Agreement or any other information which at any time is communicated by the other party as being confidential without the prior written approval of the other party; provide, however, that this provision shall not apply to information which, at the time of disclosure, is already part of the public domain (except by breach of this Agreement) and information which is required to be disclosed by law (including, without limitation, pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act and the Exchange Act).

XIX. ASSIGNMENT

This Agreement shall not be assignable by either of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have duly caused this Agreement to be executed and delivered on the date first above written.

3DIcon Corporation

By: /s/ Martin Keating

Title: Chief Executive Officer

Golden Gate Investors, Inc.

By: /s/ Travis Huff

Title: Portfolio Manager, Vice President

_____ Initials

_____ Initials

COMBINED AMENDMENT NO. 1
TO SECURITIES PURCHASE AGREEMENT
AND DEBENTURE

This Amendment No. 1 to the Securities Purchase Agreement and the First Debenture, as defined below, (this "**Amendment**") is entered to be effective as of the 15th day of December, 2006, by 3DIcon Corporation, an Oklahoma corporation, with principal executive offices located at 7507 Sandusky Ave., Tulsa, Oklahoma 74136 (the "**Company**"), and Golden Gate Investors, Inc., a California corporation ("**Holder**").

WHEREAS, Holder and the Company desire to amend the terms of the Securities Purchase Agreement dated as of November 3, 2006 (the "**Securities Purchase Agreement**"), and the terms of the 6¼% Convertible Debenture dated November 3, 2006 (the "**First Debenture**") in order to clarify the terms and conditions pursuant to which the Company may elect to sell to Holder, and Holder is obligated to purchase, an additional debenture in the original principal amount of $1,250,000 (the "**Second Debenture**");

ARTICLE I

AMENDMENTS TO SECURITIES PURCHASE AGREEMENT

NOW, THEREFORE, in consideration of the above, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

1.1 All terms used herein and not otherwise defined herein shall have the definitions set forth in the Securities Purchase Agreement and in the First Debenture.

1.2 Section I.C. of the Securities Purchase Agreement is hereby amended in its entirety as follows:

C. Additional Investment Right. At such time as the Principal Balance of the Debenture is less than $400,000, and provided the Company is then in compliance with the terms of the Debenture and this Agreement, the Company shall have the option to require the Holder to purchase the Second Debenture, with the terms of the Second Debenture and payment of the purchase price thereof subject to the same terms and conditions of this Agreement and the Debenture, except that the Conversion Price in Section 3.1 for the Second Debenture shall be the lesser of: (i) $2.00, or (ii) 90% of the average of the five lowest Volume Weighted Average Prices during the twenty Trading Days prior to GGI's election to convert. When the Second Debenture is issued, the term "Debenture" as used in this Agreement shall be deemed to include the Second Debenture in all respects. The closing of the purchase and sale of the Second Debenture shall occur within thirty days of the date that (i) the Principal Balance of the Debenture is less than $400,000, and (ii) the Company gives written notice to the Holder exercising the option to require the sale of the Second Debenture ("Subsequent Closing Date"). In the event that Holder fails to fund the Second Debenture in accordance with the terms of this section, Holder shall pay the Company liquidated damages of $250,000 within ten (10) days of the Second Closing Date.

1.3 Section II.6. of the Securities Purchase Agreement is hereby amended in its entirety as follows:

Assuming the compliance by the Company with the terms of this Agreement, as amended, the Debenture and the Registration Rights Agreement, the Holder agrees to purchase the Second Debenture in accordance with the provisions of Section I.C. above.

1.4 All other terms and provisions of the Securities Purchase Agreement in direct conflict with the amendments specifically set forth herein are hereby amended to conform to these amendments; and except for these amendments, all other terms and conditions of the Securities Purchase Agreement shall remain unamended hereby and in full force and effect.

ARTICLE II

AMENDMENTS TO FIRST DEBENTURE

2.1 All terms used herein and not otherwise defined herein shall have the definitions set forth in the First Debenture and in the Securities Purchase Agreement.

2.2 The third sentence of the first paragraph of Section 3.1 of the First Debenture is hereby deleted and replaced with the following sentence:

The "**Conversion Price**" shall be equal to the lesser of: (i) $2.00, or (ii) 70% of the average of the five lowest Volume Weighted Average Prices during the twenty Trading Days prior to Holder's election to convert (the percentage figure being a "**Discount Multiplier").** The Company reserves the right to increase the number of Trading Days in clause (ii) above, as it deems appropriate.

2.3 All other terms and provisions of the First Debenture in direct conflict with the amendments specifically set forth herein are hereby amended to conform to these amendments; and except for these amendments, all other terms and conditions of the First Debenture shall remain unamended hereby and in full force and effect.

ARTICLE III

AMENDMENTS TO BOTH SECURITIES PURCHASE AGREEMENT AND TO FIRST DEBENTURE

3.1 Entire Agreement. This Amendment, together with the Securities Purchase Agreement, the First Debenture and Registration Rights Agreement, embodies the entire agreement and understanding between the Company and Holder relating to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter.

3.2 Severability. If any provision of this Amendment, or the application of such provisions to any Person or circumstance, shall be held invalid, the remainder of this Amendment, or the application of such provision to Persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

3.3 Counterparts. This Amendment may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. A facsimile transmission of this signed Amendment shall be legal and binding on all parties hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly caused this Amendment to be executed and delivered on the date first above written.

3DIcon Corporation	Golden Gate Investors, Inc.
By: /s/ Martin Keating	By: /s/ Travis Huff
Title: President and C.E.O.	Title: Portfolio Manager and Vice President

REGISTRATION RIGHTS AGREEMENT

Registration Rights Agreement dated as of November 3, 2006 (this **"Agreement"**) by and between 3DIcon Corporation, an Oklahoma corporation, with principal executive offices located at 7507 Sandusky Ave., Tulsa, Oklahoma 74136 (the **"Company"**), and Golden Gate Investors, Inc. (the **"Holder"**).

WHEREAS, upon the terms and subject to the conditions of the Securities Purchase Agreement dated as of even date herewith, by and between the Holder and the Company (the **"Securities Purchase Agreement"**), the Company has agreed to issue and sell to the Holder a Convertible Debenture (the **"Debenture"**) of the Company in the aggregate principal amount of $1,250,000 which, upon the terms of and subject to the conditions contained therein, is convertible into shares of the Company's Common Stock (the **"Common Stock"**) ; and

WHEREAS, to induce the Holder to execute and deliver the Securities Purchase Agreement, the Company has agreed to provide with respect to the Common Stock issued upon conversion of the Debenture certain registration rights under the Securities Act;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions

(A) As used in this Agreement, the following terms shall have the meanings:

(1) **"Affiliate"** of any specified Person means any other Person who directly, or indirectly through one or more intermediaries, is in control of, is controlled by, or is under common control with, such specified Person. For purposes of this definition, control of a Person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether by contract, securities ownership or otherwise; and the terms **"controlling"** and **"controlled"** have the respective meanings correlative to the foregoing.

(2) **"Closing Date"** means the date of this Agreement.

(3) **"Commission"** means the Securities and Exchange Commission.

(4) **"Exchange Act"** means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder, or any similar successor statute.

(5) **"Investor"** means each of the Holder and any transferee or assignee of Registrable Securities which agrees to become bound by all of the terms and provisions of this Agreement in accordance with Section 8 hereof.

_____ _____

Initials Initials

(6) **"Person"** means any individual, partnership, corporation, limited liability company, joint stock company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof.

(7) **"Prospectus"** means the prospectus (including, without limitation, any preliminary prospectus and any final prospectus filed pursuant to Rule 424(b) under the Securities Act, including any prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance on Rule 430A under the Securities Act) included in the Registration Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement and by all other amendments and supplements to such prospectus, including all material incorporated by reference in such prospectus and all documents filed after the date of such prospectus by the Company under the Exchange Act and incorporated by reference therein.

(8) **"Public Offering"** means an offer registered with the Commission and the appropriate state securities commissions by the Company of its Common Stock and made pursuant to the Securities Act.

(9) **"Registrable Securities"** means the Common Stock issued or issuable (i) upon conversion or redemption of the Debenture, (ii) pursuant to the terms and provisions of the Debenture or the Securities Purchase Agreement, (iii) in connection with any distribution, recapitalization, stock-split, stock adjustment or reorganization of the Company; provided, however, a share of Common Stock shall cease to be a Registrable Security for purposes of this Agreement when it no longer is a Restricted Security.

(10) **"Registration Statement"** means a registration statement of the Company filed on an appropriate form under the Securities Act providing for the registration of, and the sale on a continuous or delayed basis by the holders of, all of the Registrable Securities pursuant to Rule 415 under the Securities Act, including the Prospectus contained therein and forming a part thereof, any amendments to such registration statement and supplements to such Prospectus, and all exhibits to and other material incorporated by reference in such registration statement and Prospectus.

(11) **"Restricted Security"** means any share of Common Stock issued upon conversion or redemption of the Debenture except any such share that (i) has been registered pursuant to an effective registration statement under the Securities Act and sold in a manner contemplated by the prospectus included in such registration statement, (ii) has been transferred in compliance with the resale provisions of Rule 144 under the Securities Act (or any successor provision thereto) or is transferable pursuant to paragraph (k) of Rule 144 under the Securities Act (or any successor provision thereto) or (iii) otherwise has been transferred and a new share of Common Stock not subject to transfer restrictions under the Securities Act has been delivered by or on behalf of the Company.

(12) **"Securities Act"** means the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder, or any similar successor statute.

(B) All capitalized terms used and not defined herein have the respective meaning assigned to them in the Securities Purchase Agreement or the Debenture.

2. Registration

(A) **Filing and Effectiveness of Registration Statement.** The Company shall prepare and file with the Commission as soon as practicable a Registration Statement relating to the offer and sale of the Registrable Securities and shall use its best efforts to cause the Commission to declare such Registration Statement effective under the Securities Act as promptly as practicable but in no event later than the Deadline (as defined in the Debenture). The Company shall promptly (and, in any event, no more than 24 hours after it receives comments from the Commission), notify the Holder when and if it receives any comments from the Commission on the Registration Statement and promptly forward a copy of such comments, if they are in writing, to the Holder. At such time after the filing of the Registration Statement pursuant to this Section 2(A) as the Commission indicates, either orally or in writing, that it has no further comments with respect to such Registration Statement or that it is willing to entertain appropriate requests for acceleration of effectiveness of such Registration Statement, the Company shall promptly, and in no event later than two (2) business days after receipt of such indication from the Commission, request that the effectiveness of such Registration Statement be accelerated within forty-eight (48) hours of the Commission's receipt of such request. The Company shall notify the Holder by written notice that such Registration Statement has been declared effective by the Commission within 24 hours of such declaration by the Commission.

(B) **Eligibility for Use of Form S-3 or an SB-2.** The Company agrees that at such time as it meets all the requirements for the use of a Securities Act Registration Statement on Form S-3 or SB-2, it shall file all reports and information required to be filed by it with the Commission in a timely manner and take all such other action so as to maintain such eligibility for the use of such form.

(C) **Additional Registration Statement**. In the event the Current Market Price declines to a price per share the result of which is that the Company cannot satisfy its conversion obligations to Holder hereunder, the Company shall, to the extent required by the Securities Act (because the additional shares were not covered by the Registration Statement filed pursuant to Section 2(a)), as reasonably determined by the Holder, file an additional Registration Statement with the Commission for such additional number of Registrable Securities as would be issuable upon conversion of the Debenture (the **"Additional Registrable Securities"**) in addition to those previously registered. The Company shall use its best efforts to cause the Commission to declare such Registration Statement effective under the Securities Act as promptly as practicable but not later than the Deadline. The Company shall not include any other securities in the Registration Statement relating to the offer and sale of such Additional Registrable Securities.

(D) **Piggyback Registration Rights.**(i)If the Company proposes to register any of its warrants, Common Stock or any other shares of common stock of the Company under the Securities Act (other than a registration (A) on Form S-8 or S-4 or any successor or similar forms, (B) relating to Common Stock or any other shares of common stock of the Company issuable upon exercise of employee share options or in connection with any employee benefit or similar plan of the Company or (C) in connection with a direct or indirect acquisition by the Company of another Person or any transaction with respect to which Rule 145 (or any successor provision) under the Securities Act applies), whether or not for sale for its own account, it will each such time, give prompt written notice at least 20 days prior to the anticipated filing date of the registration statement relating to such registration to each Investor, which notice shall set forth such Investor's rights under this Section 2(D) and shall offer such Investor the opportunity to include in such registration statement such number of Registrable Securities as such Investor may request. Upon the written request of any Investor made within 10 days after the receipt of notice from the Company (which request shall specify the number of Registrable Securities intended to be disposed of by such Investor), the Company will use its best efforts to effect the registration under the Securities Act of all Registrable Securities that the Company has been so requested to register by each Investor, to the extent requisite to permit the disposition of the Registrable Securities so to be registered; provided, however, that (A) if such registration involves a Public Offering, each Investor must sell its Registrable Securities to any underwriters selected by the Company with the consent of such Investor on the same terms and conditions as apply to the Company and (B) if, at any time after giving written notice of its intention to register any Registrable Securities pursuant to this Section 2 and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register such Registrable Securities, the Company shall give written notice to each Investor and, thereupon, shall be relieved of its obligation to register any Registrable Securities in connection with such registration. The Company's obligations under this Section 2(D) shall terminate on the date that the registration statement to be filed in accordance with Section 2(A) is declared effective by the Commission.

_____ _____

Initials Initials

(ii) If a registration pursuant to this Section 2(D) involves a Public Offering and the managing underwriter thereof advises the Company that, in its view, the number of shares of Common Stock that the Company and the Investors intend to include in such registration exceeds the largest number of shares of Common Stock that can be sold without having an adverse effect on such Public Offering (the **"Maximum Offering Size"**), the Company will include in such registration only such number of shares of Common Stock as does not exceed the Maximum Offering Size, and the number of shares in the Maximum Offering Size shall be allocated among the Company, the Investors and any other sellers of Common Stock in such Public Offering (**"Third-Party Sellers"**), *first*, pro rata among the Investors until all the shares of Common Stock originally proposed to be offered for sale by the Investors have been allocated, and *second*, pro rata among the Company and any Third-Party Sellers, in each case on the basis of the relative number of shares of Common Stock originally proposed to be offered for sale under such registration by each of the Investors, the Company and the Third-Party Sellers, as the case may be. If as a result of the proration provisions of this Section 2(D)(ii), any Investor is not entitled to include all such Registrable Securities in such registration, such Investor may elect to withdraw its request to include any Registrable Securities in such registration. With respect to registrations pursuant to this Section 2(D), the number of securities required to satisfy any underwriters' over-allotment option shall be allocated among the Company, the Investors and any Third Party Seller pro rata on the basis of the relative number of securities offered for sale under such registration by each of the Investors, the Company and any such Third Party Sellers before the exercise of such over-allotment option.

3. Obligations of the Company

In connection with the registration of the Registrable Securities, the Company shall:

(A) Promptly (i) prepare and file with the Commission such amendments (including post-effective amendments) to the Registration Statement and supplements to the Prospectus as may be necessary to keep the Registration Statement continuously effective and in compliance with the provisions of the Securities Act applicable thereto so as to permit the Prospectus forming part thereof to be current and useable by Investors for resales of the Registrable Securities for a period of two (2) years from the date on which the Registration Statement is first declared effective by the Commission (the **"Effective Time"**) or such shorter period that will terminate when all the Registrable Securities covered by the Registration Statement have been sold pursuant thereto in accordance with the plan of distribution provided in the Prospectus, transferred pursuant to Rule 144 under the Securities Act or otherwise transferred in a manner that results in the delivery of new securities not subject to transfer restrictions under the Securities Act (the **"Registration Period"**) and (ii) take all lawful action such that each of (A) the Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading and (B) the Prospectus forming part of the Registration Statement, and any amendment or supplement thereto, does not at any time during the Registration Period include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(B) During the Registration Period, comply with the provisions of the Securities Act with respect to the Registrable Securities of the Company covered by the Registration Statement until such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition by the Investors as set forth in the Prospectus forming part of the Registration Statement;

(C) (i) Prior to the filing with the Commission of any Registration Statement (including any amendments thereto) and the distribution or delivery of any Prospectus (including any supplements thereto), provide (A) draft copies thereof to one counsel chosen by the Investors and give consideration to include in such documents all such comments as the Investors' counsel reasonably may propose and (B) to the counsel for the Investors a copy of the accountant's consent letter to be included in the filing and (ii) furnish to each Investor whose Registrable Securities are included in the Registration Statement and the Investor's legal counsel (A) promptly after the same is prepared and publicly distributed, filed with the Commission, or received by the Company, one copy of the Registration Statement, each Prospectus, and each amendment or supplement thereto and (B) such number of copies of the Prospectus and all amendments and supplements thereto and such other documents, as such Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor;

(D) (i) Register or qualify the Registrable Securities covered by the Registration Statement under the securities or "blue sky" laws of the State of California, (ii) prepare and file in such jurisdiction such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof at all times during the Registration Period, (iii) take all such other lawful actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period and (iv) take all such other lawful actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdiction; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (A) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(D), (B) subject itself to general taxation in any such jurisdiction or (C) file a general consent to service of process in any such jurisdiction;

(E) As promptly as practicable after becoming aware of such event, notify each Investor of the occurrence of any event, as a result of which the Prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and promptly prepare an amendment to the Registration Statement and supplement to the Prospectus to correct such untrue statement or omission, and deliver a number of copies of such supplement and amendment to each Investor as such Investor may reasonably request;

(F) As promptly as practicable after becoming aware of such event, notify each Investor who holds Registrable Securities being sold (or, in the event of an underwritten offering, the managing underwriters) of the issuance by the Commission of any stop order or other suspension of the effectiveness of the Registration Statement at the earliest possible time and take all lawful action to effect the withdrawal, rescission or removal of such stop order or other suspension;

(G) Cause all the Registrable Securities covered by the Registration Statement to qualify for trading in the over the counter market via the "pink sheets" or otherwise be listed on the principal national securities exchange, and included in an inter-dealer quotation system of a registered national securities association, on or in which securities of the same class or series issued by the Company are then listed or included;

(H) Maintain a transfer agent and registrar, which may be a single entity, for the Registrable Securities not later than the effective date of the Registration Statement;

(I) Cooperate with the Investors who hold Registrable Securities being offered to facilitate the timely preparation and delivery of certificates for the Registrable Securities to be offered pursuant to the registration statement and enable such certificates for the Registrable Securities to be in such denominations or amounts, as the case may be, as the Investors reasonably may request and registered in such names as the Investor may request; and, within three (3) business days after a registration statement which includes Registrable Securities is declared effective by the Commission, deliver and cause legal counsel selected by the Company to deliver to the transfer agent for the Registrable Securities (with copies to the Investors whose Registrable Securities are included in such registration statement) an appropriate instruction and, to the extent necessary, an opinion of such counsel;

(J) Take all such other lawful actions reasonably necessary to expedite and facilitate the disposition by the Investors of their Registrable Securities in accordance with the intended methods therefor provided in the Prospectus which are customary under the circumstances;

(K) Make generally available to its security holders as soon as practicable, but in any event not later than three (3) months after (i) the effective date (as defined in Rule 158(c) under the Securities Act) of the Registration Statement and (ii) the effective date of each post-effective amendment to the Registration Statement, as the case may be, an earnings statement of the Company and its subsidiaries complying with Section 11 (a) of the Securities Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(L) In the event of an underwritten offering, promptly include or incorporate in a Prospectus supplement or post-effective amendment to the Registration Statement such information as the managers reasonably agree should be included therein and to which the Company does not reasonably object and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after it is notified of the matters to be included or incorporated in such Prospectus supplement or post-effective amendment;

(M) (i) Make reasonably available for inspection by counsel to the Investors, any underwriter participating in any disposition pursuant to the Registration Statement, and any attorney, accountant or other agent retained by such underwriter all relevant financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries, and (ii) cause the Company's officers, directors and employees to supply all information reasonably requested by such underwriter, attorney, accountant or agent in connection with the Registration Statement, in each case, as is customary for similar due diligence examinations; provided, however, that all records, information and documents that are designated in writing by the Company, in good faith, as confidential, proprietary or containing any material nonpublic information shall be kept confidential by such Investors and any such underwriter, attorney, accountant or agent (pursuant to an appropriate confidentiality agreement in the case of any such holder or agent), unless such disclosure is made pursuant to judicial process in a court proceeding (after first giving the Company an opportunity promptly to seek a protective order or otherwise limit the scope of the information sought to be disclosed) or is required by law, or such records, information or documents become available to the public generally or through a third party not in violation of an accompanying obligation of confidentiality; and provided, further, that, if the foregoing inspection and information gathering would otherwise disrupt the Company's conduct of its business, such inspection and information gathering shall, to the maximum extent possible, be coordinated on behalf of the Investors and the other parties entitled thereto by one firm of counsel designated by and on behalf of the majority in interest of Investors and other parties;

(N) In connection with any underwritten offering, make such representations and warranties to the Investors participating in such underwritten offering and to the managers, in form, substance and scope as are customarily made by the Company to underwriters in secondary underwritten offerings;

(O) In connection with any underwritten offering, obtain opinions of counsel to the Company (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managers) addressed to the underwriters, covering such matters as are customarily covered in opinions requested in secondary underwritten offerings (it being agreed that the matters to be covered by such opinions shall include, without limitation, as of the date of the opinion and as of the Effective Time of the Registration Statement or most recent post-effective amendment thereto, as the case may be, the absence, to such counsel's knowledge, from the Registration Statement and the Prospectus, including any documents incorporated by reference therein, of an untrue statement of a material fact or the omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading, subject to customary limitations);

(P) In connection with any underwritten offering, obtain "cold comfort" letters and updates thereof from the independent public accountants of the Company (and, if necessary, from the independent public accountants of any subsidiary of the Company or of any business acquired by the Company, in each case for which financial statements and financial data are, or are required to be, included in the Registration Statement), addressed to each underwriter participating in such underwritten offering (if such underwriter has provided such letter, representations or documentation, if any, required for such cold comfort letter to be so addressed), in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with secondary underwritten offerings;

(Q) In connection with any underwritten offering, deliver such documents and certificates as may be reasonably required by the managers, if any, and

(R) In the event that any broker-dealer registered under the Exchange Act shall be an **"Affiliate"** (as defined in Rule 2729(b)(1) of the rules and regulations of the National Association of Securities Dealers, Inc. (the **"NASD Rules"**) (or any successor provision thereto)) of the Company or has a **"conflict of interest"** (as defined in Rule 2720(b)(7) of the NASD Rules (or any successor provision thereto)) and such broker-dealer shall underwrite, participate as a member of an underwriting syndicate or selling group or assist in the distribution of any Registrable Securities covered by the Registration Statement, whether as a holder of such Registrable Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, the Company shall assist such broker-dealer in complying with the requirements of the NASD Rules, including, without limitation, by (A) engaging a **"qualified independent underwriter"** (as defined in Rule 2720(b)(15) of the NASD Rules (or any successor provision thereto)) to participate in the preparation of the Registration Statement relating to such Registrable Securities, to exercise usual standards of due diligence in respect thereof and to recommend the public offering price of such Registrable Securities, (B) indemnifying such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 6 hereof and (C) providing such information to such broker-dealer as may be required in order for such broker-dealer to comply with the requirements of the NASD Rules.

4. Obligations of the Investors

In connection with the registration of the Registrable Securities, the Investors shall have the following obligations:

(A) It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request;

_____ _____

Initials Initials

(B) Each Investor by its acceptance of the Registrable Securities agrees to cooperate with the Company in connection with the preparation and filing of the Registration Statement hereunder, unless such Investor has notified the Company in writing of its election to exclude all of its Registrable Securities from the Registration Statement; and

(C) Each Investor agrees that, upon receipt of any notice from the Company of the occurrence of any event of the kind described in Section 3(E) or 3(F), it shall immediately discontinue its disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(E) and, if so directed by the Company, such Investor shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all copies in such Investor's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice.

5. Expenses of Registration

All expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Section 3, but including, without limitation, all registration, listing, and qualifications fees, printing and engraving fees, accounting fees, and the fees and disbursements of counsel for the Company shall be borne by the Company.

6. Indemnification and Contribution

(A) **Indemnification by the Company.** The Company shall indemnify and hold harmless each Investor (each such person being sometimes hereinafter referred to as an **"Indemnified Person"**) from and against any losses, claims, damages or liabilities, joint or several, to which such Indemnified Person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement of a material fact contained in any Registration Statement or an omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, not misleading, or arise out of or are based upon an untrue statement of a material fact contained in any Prospectus or an omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Company hereby agrees to reimburse such Indemnified Person for all reasonable legal and other expenses incurred by them in connection with investigating or defending any such action or claim as and when such expenses are incurred; provided, however, that the Company shall not be liable to any such Indemnified Person in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon (i) an untrue statement or alleged untrue statement made in, or an omission or alleged omission from, such Registration Statement or Prospectus in reliance upon and in conformity with written information furnished to the Company by such Indemnified Person expressly for use therein or (ii) in the case of the occurrence of an event of the type specified in Section 3(E), the use by the Indemnified Person of an outdated or defective Prospectus after the Company has provided to such Indemnified Person an updated Prospectus correcting the untrue statement or alleged untrue statement or omission or alleged omission giving rise to such loss, claim, damage or liability.

_____ _____

Initials Initials

(B) **Indemnification by Investors**.Each Investor shall severally indemnify and hold harmless the Company from and against any losses, claims, damages or liabilities, joint or several, to which the Company may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement of a material fact provided by such Investor that is contained in any Registration Statement, or arise out of an omission or alleged omission by such Investor to state therein a material fact concerning or known to such Investor that is required to be stated therein or is necessary to make the statements therein, not misleading, or arise out of or are based upon an untrue statement of a material fact provided by such Investor contained in any Prospectus, or arise out of an omission or alleged omission or alleged omission by such Investor to state therein a material fact concerning or known to such Investor that is required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Investor hereby agrees to reimburse the Company for all reasonable legal and other expenses incurred by it in connection with investigating or defending any such action or claim as and when such expenses are incurred; provided, however, that no Investor shall be liable to the Company in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement made in, or an omission or alleged omission from, such Registration Statement or Prospectus in reliance upon and in conformity with written information furnished by the Company or another Investor expressly for use therein.

(C) **Notice of Claims, etc.** Promptly after receipt by a party seeking indemnification pursuant to this Section 6 (an **"Indemnified Party"**) of written notice of any investigation, claim, proceeding or other action in respect of which indemnification is being sought (each, a **"Claim"**), the Indemnified Party promptly shall notify the party against whom indemnification pursuant to this Section 6 is being sought (the **"Indemnifying Party"**) of the commencement thereof; but the omission to so notify the Indemnifying Party shall not relieve it from any liability that it otherwise may have to the Indemnified Party, except to the extent that the Indemnifying Party is materially prejudiced and forfeits substantive rights and defenses by reason of such failure. In connection with any Claim as to which both the Indemnifying Party and the Indemnified Party are parties, the Indemnifying Party shall be entitled to assume the defense thereof. Notwithstanding the assumption of the defense of any Claim by the Indemnifying Party, the Indemnified Party shall have the right to employ separate legal counsel and to participate in the defense of such Claim, and the Indemnifying Party shall bear the reasonable fees, out-of-pocket costs and expenses of such separate legal counsel to the Indemnified Party if (and only if): (x) the Indemnifying Party shall have agreed to pay such fees, costs and expenses, (y) the Indemnified Party and the Indemnifying Party shall reasonably have concluded that representation of the Indemnified Party by the Indemnifying Party by the same legal counsel would not be appropriate due to actual or, as reasonably determined by legal counsel to the Indemnified Party, potentially differing interests between such parties in the conduct of the defense of such Claim, or if there may be legal defenses available to the Indemnified Party that are in addition to or disparate from those available to the Indemnifying Party or (z) the Indemnifying Party shall have failed to employ legal counsel reasonably satisfactory to the Indemnified Party within a reasonable period of time after notice of the commencement of such Claim. If the Indemnified Party employs separate legal counsel in circumstances other than as described in clauses (x), (y) or (z) above, the fees, costs and expenses of such legal counsel shall be borne exclusively by the Indemnified Party. Except as provided above, the Indemnifying Party shall not, in connection with any Claim in the same jurisdiction, be liable for the fees and expenses of more than one firm of counsel for the Indemnified Party (together with appropriate local counsel). The Indemnified Party shall not, without the prior written consent of the Indemnifying Party (which consent shall not unreasonably be withheld), settle or compromise any Claim or consent to the entry of any judgment that does not include an unconditional release of the Indemnifying Party from all liabilities with respect to such Claim or judgment.

_____ _____

Initials Initials

(D) **Contribution.** If the indemnification provided for in this Section 6 is unavailable to or insufficient to hold harmless an Indemnified Person under subsection (A) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the Indemnified Party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such Indemnifying Party or by such Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6(D) were determined by pro rata allocation (even if the Investors or any underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 6(D). The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Investors and any underwriters in this Section 6(D) to contribute shall be several in proportion to the percentage of Registrable Securities registered or underwritten, as the case may be, by them and not joint.

(E) Notwithstanding any other provision of this Section 6, in no event shall any (i) Investor be required to undertake liability to any person under this Section 6 for any amounts in excess of the dollar amount of the proceeds to be received by such Investor from the sale of such Investor's Registrable Securities (after deducting any fees, discounts and commissions applicable thereto) pursuant to any Registration Statement under which such Registrable Securities are to be registered under the Securities Act and (ii) underwriter be required to undertake liability to any Person hereunder for any amounts in excess of the aggregate discount, commission or other compensation payable to such underwriter with respect to the Registrable Securities underwritten by it and distributed pursuant to the Registration Statement.

(F) The obligations of the Company under this Section 6 shall be in addition to any liability which the Company may otherwise have to any Indemnified Person and the obligations of any Indemnified Person under this Section 6 shall be in addition to any liability which such Indemnified Person may otherwise have to the Company. The remedies provided in this Section 6 are not exclusive and shall not limit any rights or remedies which may otherwise be available to an indemnified party at law or in equity.

_____ _____

Initials Initials

7. Rule 144

With a view to making available to the Investors the benefits of Rule 144 under the Securities Act or any other similar rule or regulation of the Commission that may at any time permit the Investors to sell securities of the Company to the public without registration (**"Rule 144"**), the Company agrees to use its best efforts to:

(1) comply with the provisions of paragraph (c) (1) of Rule 144 and

(2) file with the Commission in a timely manner all reports and other documents required to be filed by the Company pursuant to Section 13 or 15(d) under the Exchange Act; and, if at any time it is not required to file such reports but in the past had been required to or did file such reports, it will, upon the request of any Investor, make available other information as required by, and so long as necessary to permit sales of, its Registrable Securities pursuant to Rule 144.

8. Assignment

The rights to have the Company register Registrable Securities pursuant to this Agreement shall be automatically assigned by the Investors to any permitted transferee of all or any portion of such Registrable Securities (or all or any portion of the Debenture of the Company which is convertible into such securities) only if (a) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (b) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (i) the name and address of such transferee or assignee and (ii) the securities with respect to which such registration rights are being transferred or assigned, (c) immediately following such transfer or assignment, the securities so transferred or assigned to the transferee or assignee constitute Restricted Securities and (d) at or before the time the Company received the written notice contemplated by clause (b) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein.

9. Amendment and Waiver

Any provision of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Investors who hold a majority-in-interest of the Registrable Securities. Any amendment or waiver effected in accordance with this Section 9 shall be binding upon each Investor and the Company.

10. Changes in Common Stock

If, and as often as, there are any changes in the Common Stock by way of stock split, stock dividend, reverse split, combination or reclassification, or through merger, consolidation, reorganization or recapitalization, or by any other means, appropriate adjustment shall be made in the provisions hereof, as may be required, so that the rights and privileges granted hereby shall continue with respect to the Common Stock as so changed.

_____ _____

Initials Initials

11. Miscellaneous

(A) A person or entity shall be deemed to be a holder of Registrable Securities whenever such person or entity owns of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more persons or entities with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

(B) If, after the date hereof and prior to the Commission declaring the Registration Statement to be filed pursuant to Section 2(a) effective under the Securities Act, the Company grants to any Person any registration rights with respect to any Company securities which are more favorable to such other Person than those provided in this Agreement, then the Company forthwith shall grant (by means of an amendment to this Agreement or otherwise) identical registration rights to all Investors hereunder.

(C) Except as may be otherwise provided herein, any notice or other communication or delivery required or permitted hereunder shall be in writing and shall be delivered personally, or sent by telecopier machine or by a nationally recognized overnight courier service, and shall be deemed given when so delivered personally, or by telecopier machine or overnight courier service as follows:

(1) If to the Company, to:

3DIcon Corporation
7507 Sandusky Ave.
Tulsa, Oklahoma 74136
Telephone: 918-492-5082
Facsimile: 918-492-5367

With a copy to:

John M. O'Connor, Esq.
Newton, O'Connor, Turner & Ketchum
15 W. Sixth Street, Suite 2700
Tulsa, Oklahoma 74119
Telephone: 918-587-0101
Facsimile: 918-587-0102

(2) If to the Investor, to:

Golden Gate Investors, Inc.
7817 Herschel Avenue, Suite 200
La Jolla, California 92037
Telephone: 858-551-8789
Facsimile: 858-551-8779

_____ _____
Initials Initials

(3) If to any other Investor, at such address as such Investor shall have provided in writing to the Company.

The Company, the Holder or any Investor may change the foregoing address by notice given pursuant to this Section 11(C).

(D) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

(E) This Agreement shall be governed by and interpreted in accordance with the laws of the State of California. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the City of San Diego or the state courts of the State of California sitting in the City of San Diego in connection with any dispute arising under this Agreement and hereby waives, to the maximum extent permitted by law, any objection including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions.

(F) Should any party hereto employ an attorney for the purpose of enforcing or construing this Agreement, or any judgment based on this Agreement, in any legal proceeding whatsoever, including insolvency, bankruptcy, arbitration, declaratory relief or other litigation, the prevailing party shall be entitled to receive from the other party or parties thereto reimbursement for all reasonable attorneys' fees and all reasonable costs, including but not limited to service of process, filing fees, court and court reporter costs, investigative costs, expert witness fees, and the cost of any bonds, whether taxable or not, and that such reimbursement shall be included in any judgment or final order issued in that proceeding. The "prevailing party" means the party determined by the court to most nearly prevail and not necessarily the one in whose favor a judgment is rendered.

(G) The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by law. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(H) The Company shall not enter into any agreement with respect to its securities that is inconsistent with the rights granted to the holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The Company is not currently a party to any agreement granting any registration rights with respect to any of its securities to any person which conflicts with the Company’s obligations hereunder or gives any other party the right to include any securities in any Registration Statement filed pursuant hereto, except for such rights and conflicts as have been irrevocably waived. Without limiting the generality of the foregoing, without the written consent of the holders of a majority in interest of the Registrable Securities, the Company shall not grant to any person the right to request it to register any of its securities under the Securities Act unless the rights so granted are subject in all respect to the prior rights of the holders of Registrable Securities set forth herein, and are not otherwise in conflict or inconsistent with the provisions of this Agreement. The restrictions on the Company’s rights to grant registration rights under this paragraph shall terminate on the date the Registration Statement to be filed pursuant to Section 2(A) is declared effective by the Commission.

_____ _____

Initials Initials

(I) This Agreement, the Securities Purchase Agreement, and the Debenture, of even date herewith among the Company and the Holder constitute the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein. These Agreements supersede all prior agreements and undertakings among the parties hereto with respect to the subject matter hereof.

(J) Subject to the requirements of Section 8 hereof, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

(K) All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.

(L) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning thereof.

(M) This Agreement may be executed in counterparts, each of which shall be deemed an original but both of which shall constitute one and the same agreement. A facsimile transmission of this signed Agreement shall be legal and binding on the parties hereto.

IN WITNESS WHEREOF, the parties hereto have duly caused this Agreement to be executed and delivered on the date first above written.

3DIcon Corporation

By: /s/ Martin Keating

Name: Martin Keating
Title: Chief Executive Officer

Golden Gate Investors, Inc.

By: /s/ Travis Huff

Name: Travis Huff
Title: Portfolio Manager, Vice President

_____ _____
Initials Initials

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE, AND IS BEING OFFERED AND SOLD PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. THIS SECURITY MAY NOT BE SOLD OR TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR SUCH OTHER LAWS.

6 ¼ % CONVERTIBLE DEBENTURE

Company: 3DIcon Corporation
Company Address: 7507 Sandusky Ave., Tulsa, Oklahoma 74136
Closing Date: November 3, 2006
Maturity Date: November 3, 2011
Principal Amount: $100,000

3DIcon Corporation, an Oklahoma corporation, and any successor or resulting corporation by way of merger, consolidation, sale or exchange of all or substantially all of the assets or otherwise (the **"Company"**), for value received, hereby promises to pay to the Holder (as such term is hereinafter defined), or such other Person (as such term is hereinafter defined) upon order of the Holder, on the Maturity Date, the Principal Amount (as such term is hereinafter defined), as such sum may be adjusted pursuant to Article 3, and to pay interest thereon from the Closing Date, on each Conversion Date, at the rate of six and one-quarter percent (6 ¼ %) per annum (the **"Debenture Interest Rate"**). All interest payable on the Principal Amount of this Debenture shall be calculated on the basis of a 360-day year for the actual number of days elapsed. Payment of interest on this Debenture shall be in cash or, at the option of the Holder, in shares of Common Stock of the Company valued at the then applicable Conversion Price (as defined herein). This Debenture may not be prepaid without the written consent of the Holder.

ARTICLE 1
DEFINITIONS

SECTION 1.1 Definitions. The terms defined in this Article whenever used in this Debenture have the following respective meanings:

(i) **"Affiliate"** has the meaning ascribed to such term in Rule 12b-2 under the Securities Exchange Act of 1934, as amended.

(ii) **"Bankruptcy Code"** means the United States Bankruptcy Code of 1986, as amended (11 U.S.C. §§ 101 et. seq.).

(iii) **"Business Day"** means a day other than Saturday, Sunday or any day on which banks located in the State of California are authorized or obligated to close.

_____ _____
Initials Initials

(iv) **"Capital Shares"** means the Common Stock and any other shares of any other class or series of capital stock, whether now or hereafter authorized and however designated, which have the right to participate in the distribution of earnings and assets (upon dissolution, liquidation or winding-up) of the Company.

(v) **"Common Shares"** or **"Common Stock"** means shares of the Company's Common Stock.

(vi) **"Common Stock Issued at Conversion"**, means the Common Stock deliverable upon conversion of this Debenture, including all securities of any other class or series into which this Debenture may hereafter be convertible, whether now or hereafter created and however designated.

(vii) **"Conversion"** or**"conversion"** means the repayment by the Company of the Principal Amount of this Debenture (and, to the extent the Holder elects as permitted by Section 3.1, accrued and unpaid interest thereon) by the delivery of Common Stock on the terms provided in Section 3.2, and **"convert," "converted," "convertible"** and like words shall have a corresponding meaning.

(viii) **"Conversion Date"** means any day on which all or any portion of the Principal Amount of this Debenture is converted in accordance with the provisions hereof.

(ix) **"Conversion Notice"** means a written notice of conversion substantially in the form annexed hereto as Exhibit A.

(x) **"Conversion Price"** on any date of determination means the applicable price for the conversion of this Debenture into Common Shares on such day as set forth in Section 3.1(a).

(xi) **"Current Market Price"** on any date of determination means the closing price of a Common Share on such day as reported in the "pink sheets" through the Interdealer Trading and Quotation System; provided that, if such security is not traded on the over the counter market via the pink sheets, then as reported on the NASDAQ OTCBB Exchange; provided that, if such security is not listed or admitted to trading on the NASDAQ OTCBB, as reported on the principal national security exchange or quotation system on which such security is quoted or listed or admitted to trading, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the closing bid price of such security on the over-the-counter market on the day in question as reported by Bloomberg LP or a similar generally accepted reporting service, as the case may be.

(xii) **"Debenture"** or **"Debentures"** means this Convertible Debenture of the Company or such other convertible debenture(s) exchanged therefor as provided in Section 2.1.

(xiii) "**Discount Multiplier**" has the meaning set forth in Section 3.1(a).

(xiv) **"Event of Default"** has the meaning set forth in Section 6.1.

_____ _____

Initials Initials

(xv) **"Holder"** means Golden Gate Investors, Inc., any successor thereto, or any Person to whom this Debenture is subsequently transferred in accordance with the provisions hereof.

(xvi) **"Interest Payment Due Date"** has the meaning set forth in the opening paragraph of this Debenture.

(xvii) **"Market Disruption Event"** means any event that results in a material suspension or limitation of trading of the Common Shares.

(xviii) **"Market Price"** per Common Share means the lowest price of the Common Shares during any Trading Day as reported in the "pink sheets" through the Interdealer Trading and Quotation System; provided, if such security is not traded on the over the counter market via the pink sheets, then the lowest price on the NASDAQ OTCBB; provided further, that, if such security is not listed or admitted to trading on the NASDAQ OTCBB, as reported on the principal national security exchange or quotation system on which such security is quoted or listed or admitted to trading, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the lowest price of the Common Shares during any Trading Day on the over-the-counter market as reported by Bloomberg LP or a similar generally accepted reporting service, as the case may be.

(xix) **"Maximum Rate"** has the meaning set forth in Section 6.4.

(xx) **"Outstanding"** when used with reference to Common Shares or Capital Shares (collectively, **"Shares"**) means, on any date of determination, all issued and outstanding Shares, and includes all such Shares issuable in respect of outstanding scrip or any certificates representing fractional interests in such Shares; provided, however, that any such Shares directly or indirectly owned or held by or for the account of the Company or any Subsidiary of the Company shall not be deemed **"Outstanding"** for purposes hereof.

(xxi) **"Person"** means an individual, a corporation, a partnership, an association, a limited liability company, an unincorporated business organization, a trust or other entity or organization, and any government or political subdivision or any agency or instrumentality thereof.

(xxii) **"Principal Amount"** means, for any date of calculation, the principal sum set forth in the first paragraph of this Debenture (but only such principal amount as to which the Holder has (a) actually advanced, and (b) not theretofore furnished a Conversion Notice in compliance with Section 3.2).

(xxiii) **"SEC"** means the United States Securities and Exchange Commission.

(xxiv) **"Securities Act"** means the Securities Act of 1933, as amended, and the rules and regulations of the SEC thereunder, all as in effect at the time.

(xxv) **"Subsidiary"** means any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are owned directly or indirectly by the Company.

(xxvi) **"Trading Day"** means any day on which (i) purchases and sales of securities on the principal national security exchange or quotation system on which the Common Shares are traded are reported thereon, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, as reported by Bloomberg LP or a similar generally accepted reporting service, as the case may be, (ii) at least one bid for the trading of Common Shares is reported and (iii) no Market Disruption Event occurs.

(xxvii) **"Volume Weighted Average Price"** per Common Share means the volume weighted average price of the Common Shares during any Trading Day as reported on the NASDAQ OTCBB; provided that, if such security is not listed or admitted to trading on the NASDAQ OTCBB, as reported on the principal national security exchange or quotation system on which such security is quoted or listed or admitted to trading, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the volume weighted average price of the Common Shares during any Trading Day on the over-the-counter market as reported by Bloomberg LP or a similar generally accepted reporting service, as the case may be.

(xxviii) **"Warrant"** means that certain Warrant to Purchase Common Stock of even date with this Debenture issued by the Company to the Holder, pursuant to which the Holder has the right to purchase up to 1,000,000 shares of Common Stock in accordance with the provisions thereof.

All references to "cash" or "$" herein means currency of the United States of America.

ARTICLE 2
EXCHANGES, TRANSFER AND REPAYMENT

SECTION 2.1 Registration of Transfer of Debentures. This Debenture, when presented for registration of transfer, shall (if so required by the Company) be duly endorsed, or be accompanied by a written instrument of transfer in form reasonably satisfactory to the Company duly executed, by the Holder duly authorized in writing.

SECTION 2.2 Loss, Theft, Destruction of Debenture. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Debenture and, in the case of any such loss, theft or destruction, upon receipt of indemnity or security reasonably satisfactory to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Debenture, the Company shall make, issue and deliver, in lieu of such lost, stolen, destroyed or mutilated Debenture, a new Debenture of like tenor and unpaid Principal Amount dated as of the date hereof (which shall accrue interest from the most recent Interest Payment Due Date on which an interest payment was made in full). This Debenture shall be held and owned upon the express condition that the provisions of this Section 2.2 are exclusive with respect to the replacement of a mutilated, destroyed, lost or stolen Debenture and shall preclude any and all other rights and remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement of negotiable instruments or other securities without the surrender thereof.

_____ _____
Initials Initials

SECTION 2.3 Who Deemed Absolute Owner. The Company may deem the Person in whose name this Debenture shall be registered upon the registry books of the Company to be, and may treat it as, the absolute owner of this Debenture (whether or not this Debenture shall be overdue) for the purpose of receiving payment of or on account of the Principal Amount of this Debenture, for the conversion of this Debenture and for all other purposes, and the Company shall not be affected by any notice to the contrary. All such payments and such conversions shall be valid and effectual to satisfy and discharge the liability upon this Debenture to the extent of the sum or sums so paid or the conversion or conversions so made.

SECTION 2.4 Repayment at Maturity. At the Maturity Date, the Company shall repay the outstanding Principal Amount of this Debenture in whole in cash, together with all accrued and unpaid interest thereon, in cash, to the Maturity Date.

SECTION 2.5 Redemption. At anytime after the outstanding Principal Amount of the Debenture is less than $50,000, the Company may redeem this Debenture in whole in cash for the outstanding Principal Amount plus accrued and unpaid interest.

ARTICLE 3
CONVERSION OF DEBENTURE

SECTION 3.1 Conversion; Conversion Price; Valuation Event.

Subject to the limitations set forth in Section 3.5, at the option of the Holder, this Debenture may be converted, either in whole or in part, up to the full Principal Amount hereof into Common Shares (calculated as to each such conversion to the nearest 1/100th of a share), at any time and from time to time on any Business Day, subject to compliance with Section 3.2. The number of Common Shares into which this Debenture may be converted is equal to the dollar amount of the Debenture being converted multiplied by one hundred ten, minus the product of the Conversion Price multiplied by ten times the dollar amount of the Debenture being converted, and the entire foregoing result shall be divided by the Conversion Price. The **"Conversion Price"** shall be equal to the lesser of: (i) $4.00, or (ii) 80% of the average of the five lowest Volume Weighted Average Prices during the twenty Trading Days prior to Holder's election to convert (the percentage figure being a **"Discount Multiplier"**). The Company reserves the right to increase the number of Trading Days in clause (ii) above, as it deems appropriate.

If the Holder elects to convert a portion of the Debenture and, on the day that the election is made, the Volume Weighted Average Price is below $1.00, the Company shall have the right to prepay that portion of the Debenture that Holder elected to convert, plus any accrued and unpaid interest, at 135% of such amount. In the event that the Company elects to prepay that portion of the Debenture, Holder shall have the right to withdraw its Conversion Notice. If, at anytime during the month, the Volume Weighted Average Price is below $1.00, Holder shall not be obligated to convert any portion of the Debenture during that month. The $1.00 figure shall be adjusted, on the date that is one year after the Closing Date and every six months thereafter ("Adjustment Dates"), to a price equal to 65% of the average of the Current Market Prices for the fifteen Trading Days prior to each Adjustment Date.

_____ _____
Initials Initials

In accordance with the terms of the Warrant, at any time that the Holder elects to convert a portion of this Debenture, then the Holder will be deemed to have elected to exercise an identical percentage of the Warrant and to pay the Exercise Price (as defined in the Warrant) to the Company in connection with such exercise.

Beginning one year from the Closing Date, Holder shall submit Debenture conversion notices and related Warrant exercise notices in an amount such that Holder receives a total of 1% of the Outstanding shares of the Company every calendar quarter for a period of one year, provided that Holder is able to sell the shares under Rule 144. Beginning two years from the Closing Date, Holder shall convert $3,000 of the Debenture and exercise 30,000 Warrant Shares each calendar month, provided that Holder is able to sell the underlying Common Stock under Rule 144(k). If Holder converts more than such minimum amounts, the excess shall be credited against the next period's minimum. In the event Holder does not convert and exercise the minimum amounts set forth in the first two sentences of this paragraph, the Company's remedy shall be limited to Holder not being entitled to collect interest on this Debenture for that calendar quarter or calendar month, as applicable.

SECTION 3.2 Exercise of Conversion Privilege. (a) Conversion of this Debenture may be exercised on any Business Day by the Holder by telecopying an executed and completed Conversion Notice to the Company. Each date on which a Conversion Notice is telecopied to the Company in accordance with the provisions of this Section 3.2 shall constitute a Conversion Date. The Company shall convert this Debenture and issue the Common Stock Issued at Conversion in the manner provided below in this Section 3.2, and all voting and other rights associated with the beneficial ownership of the Common Stock Issued at Conversion shall vest with the Holder, effective as of the Conversion Date at the time specified in the Conversion Notice. The Conversion Notice also shall state the name or names (with addresses) of the persons who are to become the holders of the Common Stock Issued at Conversion in connection with such conversion. As promptly as practicable after the receipt of the Conversion Notice as aforesaid, but in any event not more than two (2) Business Days after the Company's receipt of such Conversion Notice, the Company shall (i) issue the Common Stock Issued at Conversion in accordance with the provisions of this Article 3 and (ii) cause to be mailed for delivery by overnight courier (x) a certificate or certificate(s) representing the number of Common Shares to which the Holder is entitled by virtue of such conversion, (y) cash, as provided in Section 3.3, in respect of any fraction of a Common Share deliverable upon such conversion and (z) cash or shares of Common Stock, as applicable, representing the amount of accrued and unpaid interest on this Debenture as of the Conversion Date. Such conversion shall be deemed to have been effected at the time at which the Conversion Notice indicates, and at such time the rights of the Holder of this Debenture, as such (except if and to the extent that any Principal Amount thereof remains unconverted), shall cease and the Person and Persons in whose name or names the Common Stock Issued at Conversion shall be issuable shall be deemed to have become the holder or holders of record of the Common Shares represented thereby, and all voting and other rights associated with the beneficial ownership of such Common Shares shall at such time vest with such Person or Persons. The Conversion Notice shall constitute a contract between the Holder and the Company, whereby the Holder shall be deemed to subscribe for the number of Common Shares which it will be entitled to receive upon such conversion and, in payment and satisfaction of such subscription (and for any cash adjustment to which it is entitled pursuant to Section 3.4), to surrender this Debenture and to release the Company from all liability thereon (except if and to the extent that any Principal Amount thereof remains unconverted). No cash payment aggregating less than $1.00 shall be required to be given unless specifically requested by the Holder.

_____ _____

Initials Initials

(b) If, at any time after the date of this Debenture, (i) the Company wrongfully challenges, disputes or denies the right of the Holder hereof to effect the conversion of this Debenture into Common Shares or otherwise wrongfully dishonors or rejects any Conversion Notice delivered in accordance with this Section 3.2 or (ii) any third party who is not and has never been an Affiliate of the Holder commences any lawsuit or legal proceeding or otherwise asserts any claim before any court or public or governmental authority which seeks to challenge, deny, enjoin, limit, modify, delay or dispute the right of the Holder hereof to effect the conversion of this Debenture into Common Shares, then the Holder shall have the right, but not the obligation, by written notice to the Company, to require the Company to promptly redeem this Debenture for cash at one hundred and thirty-five (135%) of the Principal Amount thereof, together with all accrued and unpaid interest thereon to the date of redemption. Under any of the circumstances set forth above, the Company shall be responsible for the payment of all costs and expenses of the Holder, including reasonable legal fees and expenses, as and when incurred in defending itself in any such action or pursuing its rights hereunder (in addition to any other rights of the Holder).

(c) To the fullest extent permitted by law, the Holder shall be entitled to exercise its conversion privilege notwithstanding the commencement of any case under the Bankruptcy Code. In the event the Company is a debtor under the Bankruptcy Code, the Company hereby waives to the fullest extent permitted any rights to relief it may have under 11 U.S.C. § 362 in respect of the Holder's conversion privilege. The Company hereby waives to the fullest extent permitted any rights to relief it may have under 11 U.S.C. § 362 in respect of the conversion of this Debenture. The Company agrees, without cost or expense to the Holder, to take or consent to any and all action necessary to effectuate relief under 11 U.S.C. § 362.

SECTION 3.3 Fractional Shares. No fractional Common Shares or scrip representing fractional Common Shares shall be delivered upon conversion of this Debenture. Instead of any fractional Common Shares which otherwise would be delivered upon conversion of this Debenture, the Company shall pay a cash adjustment in respect of such fraction in an amount equal to the same fraction multiplied by the Current Market Price on the Conversion Date. No cash payment of less than $1.00 shall be required to be given unless specifically requested by the Holder.

SECTION 3.4 Adjustments. The Conversion Price and the number of shares deliverable upon conversion of this Debenture are subject to adjustment from time to time as follows:

(i) Reclassification, Etc. In case the Company shall reorganize its capital, reclassify its capital stock, consolidate or merge with or into another Person (where the Company is not the survivor or where there is a change in or distribution with respect to the Common Stock of the Company), sell, convey, transfer or otherwise dispose of all or substantially all its property, assets or business to another Person, or effectuate a transaction or series of related transactions in which more than fifty percent (50%) of the voting power of the Company is disposed of (each, a **"Fundamental Corporate Change"**) and, pursuant to the terms of such Fundamental Corporate Change, shares of common stock of the successor or acquiring corporation, or any cash, shares of stock or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) in addition to or in lieu of common stock of the successor or acquiring corporation (**"Other Property"**) are to be received by or distributed to the holders of Common Stock of the Company, then the Holder of this Debenture shall have the right thereafter, at its sole option, to (x) receive the number of shares of common stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and Other Property as is receivable upon or as a result of such Fundamental Corporate Change by a holder of the number of shares of Common Stock into which the outstanding portion of this Debenture may be converted at the Conversion Price applicable immediately prior to such Fundamental Corporate Change or (y) require the Company, or such successor, resulting or purchasing corporation, as the case may be, to, without benefit of any additional consideration therefor, execute and deliver to the Holder a debenture with substantial identical rights, privileges, powers, restrictions and other terms as this Debenture in an amount equal to the amount outstanding under this Debenture immediately prior to such Fundamental Corporate Change. For purposes hereof, **"common stock of the successor or acquiring corporation"** shall include stock of such corporation of any class which is not preferred as to dividends or assets over any other class of stock of such corporation and which is not subject to prepayment and shall also include any evidences of indebtedness, shares of stock or other securities which are convertible into or exchangeable for any such stock, either immediately or upon the arrival of a specified date or the happening of a specified event and any warrants or other rights to subscribe for or purchase any such stock. The foregoing provisions shall similarly apply to successive Fundamental Corporate Changes.

_____ _____

Initials Initials

SECTION 3.5 Certain Conversion Limits.

So long as any of the Principal Amount of this Debenture is outstanding, the Holder shall not have the right, and the Company shall not have the obligation, to convert any portion of this Debenture if, following a Conversion Notice from the Holder, the result would be that the Holder would be deemed the beneficial owner of more than 9.99% of the then Outstanding shares of Common Stock. Further, for a period of one year after the Closing Date, if and to the extent that, on any date, the mere holding by the Holder of this Debenture (regardless of the actual conversion of any portion thereof) would result in the Holder's being deemed the beneficial owner of more than 9.99% of the then Outstanding shares of Common Stock, then in addition to the Holder having no right, and the Company having no obligation, to convert any portion of this Debenture as shall cause such Holder to be deemed the beneficial owner of more than 9.99% of the then Outstanding shares of Common Stock, if any court of competent jurisdiction shall determine that the foregoing limitation is ineffective to prevent the Holder, by mere ownership of the Debenture, from being deemed the beneficial owner of more than 9.99% of the then Outstanding shares of Common Stock, then the Company shall prepay such portion of this Debenture as shall cause such Holder not to be deemed the beneficial owner of more than 9.99% of the then Outstanding shares of Common Stock. Upon such determination by a court of competent jurisdiction, the Holder shall have no interest in or rights under such portion of the Debenture. Any and all interest paid on or prior to the date of such determination shall be deemed interest paid on the remaining portion of this Debenture held by the Holder.

_____ _____

Initials Initials

SECTION 3.6 Surrender of Debentures. Upon any redemption of this Debenture pursuant to Sections 3.2, 3.5 or 6.2, or upon maturity pursuant to Section 2.4, the Holder shall either deliver this Debenture by hand to the Company at its principal executive offices or surrender the same to the Company at such address by nationally recognized overnight courier. Payment of the redemption price or the amount due on maturity specified in Section 2.4, shall be made by the Company to the Holder against receipt of this Debenture (as provided in this Section 3.5) by wire transfer of immediately available funds to such account(s) as the Holder shall specify by written notice to the Company. If payment of such redemption price is not made in full by the redemption date, or the amount due on maturity is not paid in full by the Maturity Date, the Holder shall again have the right to convert this Debenture as provided in Article 3 hereof or to declare an Event of Default.

ARTICLE 4
STATUS; RESTRICTIONS ON TRANSFER

SECTION 4.1 Status of Debenture. This Debenture constitutes a legal, valid and binding obligation of the Company, enforceable in accordance with its terms subject, as to enforceability, to general principles of equity and to principles of bankruptcy, insolvency, reorganization and other similar laws of general applicability relating to or affecting creditors' rights and remedies generally.

SECTION 4.2 Restrictions on Transfer. This Debenture, and any Common Shares deliverable upon the conversion hereof, have not been registered under the Securities Act. The Holder by accepting this Debenture agrees that this Debenture and the shares of Common Stock to be acquired as interest on and upon conversion of this Debenture may not be assigned or otherwise transferred unless and until (i) the Company has received an opinion of counsel for the Company that this Debenture or such shares may be sold pursuant to an exemption from registration under the Securities Act or (ii) a registration statement relating to this Debenture or such shares has been filed by the Company and declared effective by the SEC.

Each certificate for shares of Common Stock deliverable hereunder shall bear a legend as follows unless and until such securities have been sold pursuant to an effective registration statement under the Securities Act:

> "The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Securities Act"). The securities may not be offered for sale, sold or otherwise transferred except (i) pursuant to an effective registration statement under the Securities Act or (ii) pursuant to an exemption from registration under the Securities Act in respect of which the issuer of this certificate has received an opinion of counsel satisfactory to the issuer of this certificate to such effect. Copies of the agreement covering both the purchase of the securities and restrictions on their transfer may be obtained at no cost by written request made by the holder of record of this certificate to the Secretary of the issuer of this certificate at the principal executive offices of the issuer of this certificate."

_____ _____
Initials Initials

ARTICLE 5
COVENANTS

SECTION 5.1 Conversion. The Company shall cause the transfer agent, not later than two (2) Business Days after the Conversion Date, to issue and deliver to the Holder the requisite shares of Common Stock Issued at Conversion. The Company acknowledges and agrees that it will obtain, at the Company's expense, any necessary Rule 144 and Rule 144(k) legal opinions so that Holder may sell the Common Stock Issued at Conversion under Rule 144 or Rule 144(k) beginning one or two years from the Closing Date, as applicable.

SECTION 5.2 Notice of Default. If any one or more events occur which constitute or which, with notice, lapse of time, or both, would constitute an Event of Default, the Company shall forthwith give notice to the Holder, specifying the nature and status of the Event of Default or such other event(s), as the case may be.

SECTION 5.3 Payment of Obligations. So long as this Debenture shall be outstanding, the Company shall pay, extend, or discharge at or before maturity, all its respective material obligations and liabilities, including, without limitation, tax liabilities, except where the same may be contested in good faith by appropriate proceedings.

SECTION 5.4 Compliance with Laws. So long as this Debenture shall be outstanding, the Company shall comply with all applicable laws, ordinances, rules, regulations and requirements of governmental authorities, except for such noncompliance which would not have a material adverse effect on the business, properties, prospects, condition (financial or otherwise) or results of operations of the Company and the Subsidiaries.

SECTION 5.5 Inspection of Property, Books and Records. So long as this Debenture shall be outstanding, the Company shall keep proper books of record and account in which full, true and correct entries shall be made of all material dealings and transactions in relation to its business and activities and shall permit representatives of the Holder at the Holder's expense to visit and inspect any of its respective properties, to examine and make abstracts from any of its respective books and records, not reasonably deemed confidential by the Company, and to discuss its respective affairs, finances and accounts with its respective officers and independent public accountants, all at such reasonable times and as often as may reasonably be desired.

SECTION 5.6 Right of First Refusal on Other Financing. In the event that, following the date on which the Company's registration statement to be filed pursuant to a Registration Rights Agreement between the Company and Holder of even date herewith (which Registration Rights Agreement is not associated with this Debenture), the Company obtains a commitment for any other financing (either debt, equity, or a combination thereof) which is to close during the term of this Debenture, Holder shall be entitled to a right of first refusal to enable it to, at Holder's option, match the terms of the other financing. The Company shall deliver to Holder, at least 10 days prior to the proposed closing date of such transaction, written notice describing the proposed transaction, including the terms and conditions thereof, and providing Holder an option during the 10 day period following delivery of such notice to either provide the financing being offered in such transaction on the same terms as contemplated by such transaction, or to add additional principal to this Debenture, in the amount of such other financing, on the same terms and conditions as this Debenture.

_____ _____

Initials Initials

ARTICLE 6
EVENTS OF DEFAULT; REMEDIES

SECTION 6.1 Events of Default. **"Event of Default"** wherever used herein means any one of the following events:

(i) the Company shall default in the payment of principal of or interest on this Debenture as and when the same shall be due and payable and, in the case of an interest payment default, such default shall continue for five (5) Business Days after the date such interest payment was due, or the Company shall fail to perform or observe any other covenant, agreement, term, provision, undertaking or commitment under this Debenture or the Warrants and such default shall continue for a period of ten (10) Business Days after the delivery to the Company of written notice that the Company is in default hereunder or thereunder;

(ii) any of the representations or warranties made by the Company or in any certificate or financial or other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of this Debenture or the Warrants shall be false or misleading in a material respect on the Closing Date;

(iii) under the laws of any jurisdiction not otherwise covered by clauses (iv) and (v) below, the Company or any Subsidiary (A) becomes insolvent or generally not able to pay its debts as they become due, (B) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, (C) institutes or has instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors or (z) the entry of an order for relief or the appointment of a receiver, trustee or other similar person for it or for any substantial part of its properties and assets, and in the case of any such official proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of sixty (60) calendar days, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs or (D) takes any corporate action to authorize any of the above actions;

(iv) the entry of a decree or order by a court having jurisdiction in the premises adjudging the Company or any Subsidiary a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under the Bankruptcy Code or any other applicable Federal or state law, or appointing a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Company or of any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and any such decree or order continues and is unstayed and in effect for a period of sixty (60) calendar days;

_____ _____
Initials Initials

(v) the institution by the Company or any Subsidiary of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Bankruptcy Code or any other applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as and when they become due, or the taking of corporate action by the Company in furtherance of any such action;

(vi) a final judgment or final judgments for the payment of money shall have been entered by any court or courts of competent jurisdiction against the Company and remains undischarged for a period (during which execution shall be effectively stayed) of thirty (30) days, provided that the aggregate amount of all such judgments at any time outstanding (to the extent not paid or to be paid, as evidenced by a written communication to that effect from the applicable insurer, by insurance) exceeds One Hundred Thousand Dollars ($100,000);

(vii) it becomes unlawful for the Company to perform or comply with its obligations under this Debenture or the Conversion Warrant in any respect;

(viii) the Common Shares shall no longer be traded in the over the counter market via the pink sheets, or not otherwise be listed for trading on the NASDAQ OTCBB (the **"Trading Market"** or, to the extent the Company becomes eligible to list its Common Stock on any other national security exchange or quotation system, upon official notice of listing on any such exchange or system, as the case may be, it shall be the **"Trading Market"**) or suspended from trading on the Trading Market, and shall not be reinstated, relisted or such suspension lifted, as the case may be, within five (5) days or;

(ix) the Company shall default (giving effect to any applicable grace period) in the payment of principal or interest as and when the same shall become due and payable, under any indebtedness, individually or in the aggregate, of more than One Hundred Thousand Dollars ($100,000);

SECTION 6.2 Acceleration of Maturity; Rescission and Annulment. If an Event of Default occurs and is continuing, then and in every such case the Holder may, by a notice in writing to the Company, rescind any outstanding Conversion Notice and declare that all amounts owing or otherwise outstanding under this Debenture are immediately due and payable and upon any such declaration this Debenture shall become immediately due and payable in cash at a price of one hundred and thirty-five percent (135%) of the Principal Amount thereof, together with all accrued and unpaid interest thereon to the date of payment; provided, however, in the case of any Event of Default described in clauses (iii), (iv), (v) or (vii) of Section 6.1, such amount automatically shall become immediately due and payable without the necessity of any notice or declaration as aforesaid.

SECTION 6.3 Late Payment Penalty. If any portion of the principal of or interest on this Debenture shall not be paid within ten (10) days of when it is due, the Discount Multiplier under this Debenture shall decrease by one percentage point (1%) for all conversions of this Debenture thereafter.

_____ _____

Initials Initials

SECTION 6.4 Maximum Interest Rate. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate as provided for herein shall exceed the maximum lawful rate which may be contracted for, charged, taken or received by the Holder in accordance with any applicable law (the **"Maximum Rate"**), the rate of interest applicable to this Debenture shall be limited to the Maximum Rate. To the greatest extent permitted under applicable law, the Company hereby waives and agrees not to allege or claim that any provisions of this Note could give rise to or result in any actual or potential violation of any applicable usury laws.

SECTION 6.5 Remedies Not Waived. No course of dealing between the Company and the Holder or any delay in exercising any rights hereunder shall operate as a waiver by the Holder.

SECTION 6.6 Remedies. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Debenture will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Debenture, that the Holder shall be entitled to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Debenture and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

SECTION 6.7 Payment of Certain Amounts. Whenever pursuant to this Debenture the Company is required to pay an amount in excess of the Principal Amount plus accrued and unpaid interest, the Company and the Holder agree that the actual damages to the Holder from the receipt of cash payment on this Debenture may be difficult to determine and the amount to be so paid by the Company represents stipulated damages and not a penalty and is intended to compensate the Holder in part for loss of the opportunity to convert this Debenture and to earn a return from the sale of shares of Common Stock acquired upon conversion of this Debenture at a price in excess of that price paid for such shares pursuant to this Debenture. The Company and the Holder hereby agree that such amount of stipulated damages is not disproportionate to the possible loss to the Holder from the receipt of a cash payment without the opportunity to convert this Debenture into shares of Common Stock.

ARTICLE 7
MISCELLANEOUS

SECTION 7.1 Notice of Certain Events. In the case of the occurrence of any event described in Section 3.4 of this Debenture, the Company shall cause to be mailed to the Holder of this Debenture at its last address as it appears in the Company's security registry, at least twenty (20) days prior to the applicable record, effective or expiration date hereinafter specified (or, if such twenty (20) days' notice is not possible, at the earliest possible date prior to any such record, effective or expiration date), a notice thereof, including, if applicable, a statement of the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up is expected to become effective, and the date as of which it is expected that holders of record of Common Stock will be entitled to exchange their shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale transfer, dissolution, liquidation or winding-up.

_____ _____

Initials Initials

SECTION 7.2 Register. The Company shall keep at its principal office a register in which the Company shall provide for the registration of this Debenture. Upon any transfer of this Debenture in accordance with Articles 2 and 4 hereof, the Company shall register such transfer on the Debenture register.

SECTION 7.3 Withholding. To the extent required by applicable law, the Company may withhold amounts for or on account of any taxes imposed or levied by or on behalf of any taxing authority in the United States having jurisdiction over the Company from any payments made pursuant to this Debenture.

SECTION 7.4 Transmittal of Notices. Except as may be otherwise provided herein, any notice or other communication or delivery required or permitted hereunder shall be in writing and shall be delivered personally, or sent by telecopier machine or by a nationally recognized overnight courier service, and shall be deemed given when so delivered personally, or by telecopier machine or overnight courier service as follows:

(1) If to the Company, to:

3DIcon Corporation
7507 Sandusky Ave.
Tulsa, Oklahoma 74136
Telephone: 918-492-5082
Facsimile: 918-492-5367

With a copy to:

John M. O'Connor, Esq.
Newton, O'Connor, Turner & Ketchum
15 W. Sixth Street, Suite 2700
Tulsa, Oklahoma 74119
Telephone: 918-587-0101
Facsimile: 918-587-0102

(2) If to the Holder, to:

Golden Gate Investors, Inc.
7817 Herschel Avenue, Suite 200
La Jolla, California 92037
Telephone: 858-551-8789
Facsimile: 858-551-8779

_____ _____
Initials Initials

Each of the Holder or the Company may change the foregoing address by notice given pursuant to this Section 7.4.

SECTION 7.5 Attorneys' Fees. Should any party hereto employ an attorney for the purpose of enforcing or construing this Debenture, or any judgment based on this Debenture, in any legal proceeding whatsoever, including insolvency, bankruptcy, arbitration, declaratory relief or other litigation, the prevailing party shall be entitled to receive from the other party or parties thereto reimbursement for all reasonable attorneys' fees and all reasonable costs, including but not limited to service of process, filing fees, court and court reporter costs, investigative costs, expert witness fees, and the cost of any bonds, whether taxable or not, and that such reimbursement shall be included in any judgment or final order issued in that proceeding. The "prevailing party" means the party determined by the court to most nearly prevail and not necessarily the one in whose favor a judgment is rendered.

SECTION 7.6 Governing Law. This Debenture shall be governed by, and construed in accordance with, the laws of the State of California (without giving effect to conflicts of laws principles). With respect to any suit, action or proceedings relating to this Debenture, the Company irrevocably submits to the exclusive jurisdiction of the courts of the State of California sitting in San Diego and the United States District Court located in the City of San Diego and hereby waives, to the fullest extent permitted by applicable law, any claim that any such suit, action or proceeding has been brought in an inconvenient forum. Subject to applicable law, the Company agrees that final judgment against it in any legal action or proceeding arising out of or relating to this Debenture shall be conclusive and may be enforced in any other jurisdiction within or outside the United States by suit on the judgment, a certified copy of which judgment shall be conclusive evidence thereof and the amount of its indebtedness, or by such other means provided by law.

SECTION 7.7 Waiver of Jury Trial. To the fullest extent permitted by law, each of the parties hereto hereby knowingly, voluntarily and intentionally waives its respective rights to a jury trial of any claim or cause of action based upon or arising out of this Debenture or any other document or any dealings between them relating to the subject matter of this Debenture and other documents. Each party hereto (i) certifies that neither of their respective representatives, agents or attorneys has represented, expressly or otherwise, that such party would not, in the event of litigation, seek to enforce the foregoing waivers and (ii) acknowledges that it has been induced to enter into this Debenture by, among other things, the mutual waivers and certifications herein.

SECTION 7.8 Headings. The headings of the Articles and Sections of this Debenture are inserted for convenience only and do not constitute a part of this Debenture.

SECTION 7.9 Payment Dates. Whenever any payment hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

SECTION 7.10 Binding Effect. Each Holder by accepting this Debenture agrees to be bound by and comply with the terms and provisions of this Debenture.

_____ _____

Initials Initials

SECTION 7.11 No Stockholder Rights. Except as otherwise provided herein, this Debenture shall not entitle the Holder to any of the rights of a stockholder of the Company, including, without limitation, the right to vote, to receive dividends and other distributions, or to receive any notice of, or to attend, meetings of stockholders or any other proceedings of the Company, unless and to the extent converted into shares of Common Stock in accordance with the terms hereof.

SECTION 7.12 Facsimile Execution. Facsimile execution shall be deemed originals.

IN WITNESS WHEREOF, the Company has caused this Debenture to be signed by its duly authorized officer on the date of this Debenture.

3DIcon Corporation

By: /s/ Martin Keating

Title: Chief Executive Officer

_____ _____

Initials Initials

EXHIBIT A
DEBENTURE CONVERSION NOTICE

TO: 3DIcon Corporation

The undersigned owner of this Convertible Debenture due November ___, 2011 (the **"Debenture"**) issued by 3DIcon Corporation (the **"Company"**) hereby irrevocably exercises its option to convert $_____ Principal Amount of the Debenture into shares of Common Stock in accordance with the terms of the Debenture. The undersigned hereby instructs the Company to convert the portion of the Debenture specified above into shares of Common Stock Issued at Conversion in accordance with the provisions of Article 3 of the Debenture. The undersigned directs that the Common Stock and certificates therefor deliverable upon conversion, the Debenture reissued in the Principal Amount not being surrendered for conversion hereby, [the check or shares of Common Stock in payment of the accrued and unpaid interest thereon to the date of this Notice,] together with any check in payment for fractional Common Stock, be registered in the name of and/or delivered to the undersigned unless a different name has been indicated below. All capitalized terms used and not defined herein have the respective meanings assigned to them in the Debenture. The conversion pursuant hereto shall be deemed to have been effected at the date and time specified below, and at such time the rights of the undersigned as a Holder of the Principal Amount of the Debenture set forth above shall cease and the Person or Persons in whose name or names the Common Stock Issued at Conversion shall be registered shall be deemed to have become the holder or holders of record of the Common Shares represented thereby and all voting and other rights associated with the beneficial ownership of such Common Shares shall at such time vest with such Person or Persons.

Date and time: _____

_____

By: _____

Title: _____

Fill in for registration of Debenture:
Please print name and address
(including ZIP code number):

_____

_____

_____

WARRANT TO PURCHASE COMMON STOCK

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT FOR DISTRIBUTION, AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND NEITHER THE WARRANT NOR THE SHARES MAY BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR PURSUANT TO RULE 144 OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED. THIS WARRANT MUST BE SURRENDERED TO THE COMPANY OR ITS TRANSFER AGENT AS A CONDITION PRECEDENT TO THE SALE, PLEDGE OR OTHER TRANSFER OF ANY INTEREST IN THIS WARRANT OR THE SHARES ISSUABLE HEREUNDER.

Issuer: 3DIcon Corporation
Class of Stock: Common Stock
Issue Date: November 3, 2006
Expiration Date: November 3, 2011

THIS WARRANT TO PURCHASE COMMON STOCK is being issued by 3DIcon Corporation, an Oklahoma corporation (the "Company"), to Golden Gate Investors, Inc. ("Holder").

ARTICLE 1
DESCRIPTION OF WARRANTS

1.1 Warrants.The Company hereby grants to Holder the right to purchase 1,000,000 shares of the Company's Common Stock (the "Shares" or "Warrant Shares") at a price per share equal to the Exercise Price set forth in section 2.4 below. The Company is simultaneously issuing to Holder a 6.25% Convertible Debenture in the original principal amount of $100,000 (the "Debenture"). Whenever Holder exercises its conversion privileges under the Debenture, Holder will simultaneously exercise a percentage of this Warrant that is equal to the percentage of the Debenture being converted. The date that the Holder issues a Conversion Notice under the Debenture is hereafter referred to as the "Conversion Date." Defined terms not defined herein shall have the meanings ascribed to them in the Debenture.

Beginning one year from the Issue Date, Holder shall submit Debenture conversion notices and related Warrant exercise notices in an amount such that Holder receives a total of 1% of the outstanding shares of the Company every calendar quarter for a period of one year, provided that Holder is able to sell the shares under Rule 144. Beginning two years from the Closing Date, Holder shall convert $3,000 of the Debenture and exercise 30,000 Warrant Shares each calendar month, provided that Holder is able to sell the shares under Rule 144(k). If Holder converts more that such minimum amounts, the excess shall be credited against the next period's minimum. In the event Holder does not convert and exercise the minimum amounts set forth in the first two sentences of this paragraph, the Company's remedy shall be limited to Holder not being entitled to collect interest on the Debenture for that calendar quarter or calendar month, as applicable.

Initials Initials

1.2 Expiration of Warrants. This Warrant shall expire and Holder shall no longer be able to purchase the Warrant Shares on the earlier of: (a) the Expiration Date, or (b) the redemption of the Debenture by the Company in accordance with Section 2.5 of the Debenture.

ARTICLE 2
EXERCISE

2.1 Method of Exercise. Holder may exercise this Warrant by delivering a duly executed Warrant Notice of Exercise in substantially the form attached as Appendix 1 to the principal office of the Company.

2.2 Delivery of Certificate and New Warrant. As promptly as practicable after the receipt of the Warrant Notice of Exercise, but in any event not more than two (2) Business Days after the Company's receipt of the Warrant Notice of Exercise, the Company shall issue the Shares and cause to be mailed for delivery by overnight courier to Holder a certificate representing the Shares acquired and, if this Warrant has not been fully exercised and has not expired, a new Warrant substantially in the form of this Warrant representing the right to acquire the portion of the Shares not so acquired.

2.3 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation, or surrender and cancellation of this Warrant, the Company at its expense shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

2.4 Exercise Price. The Exercise Price of this Warrant shall be $10.90 per Share.

2.5 Certain Exercise Limits. For a period of one year after the Closing Date, if and to the extent that, on any date, the holding by the Holder of this Warrant would result in the Holder's being deemed the beneficial owner of more than 9.99% of the then Outstanding shares of Common Stock, then the Holder shall not have the right, and the Company shall not have the obligation, to exercise any portion of this Warrant as shall cause Holder to be deemed the beneficial owner of more than 9.99% of the then Outstanding shares of Common Stock.

ARTICLE 3
ADJUSTMENT TO THE SHARES

The number of Shares purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

3.1 Reclassification. In case of any reclassification or change of outstanding securities of the class issuable upon exercise of this Warrant then, and in any such case, the Holder, upon the exercise hereof at any time after the consummation of such reclassification or change, shall be entitled to receive in lieu of each Share theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and/or property received upon such reclassification or change by a holder of one Share. The provisions of this Section 3.1 shall similarly apply to successive reclassifications or changes.

3.2 Subdivision or Combination of Shares. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its Shares, the Exercise Price shall be proportionately decreased in the case of a subdivision or increased in the case of a combination.

3.3 Stock Dividends. If the Company, at any time while this Warrant is outstanding shall pay a dividend with respect to its Shares payable in Shares, or make any other distribution of Shares with respect to Shares (except any distribution specifically provided for in Section 3.1 and Section 3.2 above), then the Exercise Price shall be adjusted, effective from and after the date of determination of shareholders entitled to received such dividend or distribution, to that price determined by multiplying the Exercise Price in effect immediately prior to such date of determination by a fraction, (a) the numerator of which shall be the total number of Shares outstanding immediately prior to such dividend or distribution, and (b) the denominator of which shall be the total number of Shares outstanding immediately after such dividend or distribution.

3.4 Non-Cash Dividends. If the Company at any time while this Warrant is outstanding shall pay a dividend with respect to Shares payable in securities other than Shares or other non-cash property, or make any other distribution of such securities or property with respect to Shares (except any distribution specifically provided for in Section 3.1 and Section 3.2 above), then this Warrant shall represent the right to acquire upon exercise of this Warrant such securities or property which a holder of Shares would have been entitled to receive upon such dividend or distribution, without the payment by the Holder of any additional consideration for such securities or property.

3.5 Effect of Reorganization and Asset Sales. If any (i) reorganization or reclassification of the Common Stock (ii) consolidation or merger of the Company with or into another corporation, or (iii) sale or all or substantially all of the Company's operating assets to another corporation followed by a liquidation of the Company (any such transaction shall be referred to herein as an "Event"), is effected in such a way that holders of common Stock are entitled to receive securities and/or assets as a result of their Common Stock ownership, the Holder, upon exercise of this Warrant, shall be entitled to receive such shares of stock securities or assets which the Holder would have received had it fully exercised this Warrant on or prior the record date for such Event. The Company shall not merge into or consolidate with another corporation or sell all of its assets to another corporation for a consideration consisting primarily of securities of such corporation, unless the successor or acquiring corporation, as the case may be, shall expressly assume the due and punctual observance and performance of each and every covenant and condition of this Warrant to be performed or observed by the Company and all of the obligations and liabilities hereunder, subject to such modification as shall be necessary to provide for adjustments which shall be as nearly equivalent as practicable to the adjustments provided for in this Section 2. The foregoing provisions shall similarly apply to successive mergers, consolidations or sales of assets.

3.6 Adjustment of Number of Shares. Upon each adjustment in the Exercise Price, the number of Shares shall be adjusted, to the nearest whole share, to the product obtained by multiplying the number of Shares, purchasable immediately prior to such adjustment by a fraction, the numerator of which shall be the Exercise Price immediately prior to such adjustment and the denominator of which shall be the Exercise Price immediately thereafter.

3.7 No Impairment. The Company shall not, by amendment of its articles of incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by the Company, but shall at all times in good faith assist in carrying out all of the provisions of this Warrant and in taking all such action as may be reasonably necessary or appropriate to protect Holder's rights hereunder against impairment. If the Company takes any action affecting its Common Stock other than as described above that adversely affects Holder's rights under this Warrant, the Exercise Price shall be adjusted downward and the number of Shares issuable upon exercise of this Warrant shall be adjusted upward in such a manner that the aggregate Exercise Price of this Warrant is unchanged.

3.8 Fractional Shares. No fractional Shares shall be issuable upon the exercise of this Warrant, and the number of Shares to be issued shall be rounded down to the nearest whole Share.

3.9 Certificate as to Adjustments. Upon any adjustment of the Exercise Price, the Company, at its expense, shall compute such adjustment and furnish Holder with a certificate of its Chief Financial Officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Exercise Price in effect upon the date thereof and the series of adjustments leading to such Exercise Price.

3.10 No Rights of Shareholders. This Warrant does not entitle Holder to any voting rights or any other rights as a shareholder of the Company prior to the exercise of Holder's right to purchase Shares as provided herein.

ARTICLE 4
REPRESENTATIONS AND COVENANTS OF THE COMPANY

4.1 Representations and Warranties. The Company hereby represents and warrants to Holder that all Shares which may be issued upon the exercise of the purchase right represented by this Warrant, shall, upon issuance, be duly authorized, validly issued, fully paid and nonasessable, and free of any liens and encumbrances.

4.2 Notice of Certain Events. If the Company proposes at any time (a) to declare any dividend or distribution upon its Common Stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights; (c) to effect any reclassification or recapitalization of Common Stock; or (d) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, or to liquidate, dissolve or wind up, then, in connection with each such event, the Company shall give Holder (1) at least 20 days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of Common Stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (c) and (d) above; and (2) in the case of the matters referred to in (c) and (d) above at least 20 days prior written notice of the date when the same will take place (and specifying the date on which the holders of Common Stock will be entitled to exchange their Common Stock for securities or other property deliverable upon the occurrence of such event).

4.3 Information Rights. So long as Holder holds this Warrant and/or any of the Shares, the Company shall deliver to Holder (a) promptly after mailing, copies of all notices or other written communications to the shareholders of the Company, (b) within ninety (90) days of their availability, the annual audited financial statements of the Company certified by independent public accountants of recognized standing, and (c) within forty-five (45) days after the end of each fiscal quarter or each fiscal year, the Company's quarterly, unaudited financial statements.

4.4 Reservation of Warrant Shares. The Company has reserved and will keep available, out of the authorized and unissued shares of Common Stock, the full number of shares sufficient to provide for the exercise of the rights of purchase represented by this Warrant.

ARTICLE 5
REPRESENTATIONS AND COVENANTS OF THE HOLDER

5.1 Private Issue. Holder understands (i) that the Shares issuable upon exercise of Holder's rights contained in the Warrant are not registered under the Act or qualified under applicable state securities laws on the ground that the issuance contemplated by the Warrant will be exempt from the registration and qualifications requirements thereof, and (ii) that the Company's reliance on such exemption is predicated on Holder's representations set forth in this Article 5.

5.2 Financial Risk. Holder has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment and has the ability to bear the economic risks of its investment.

5.3 Risk of No Registration. Holder understands that if the Company does not register with the Securities and Exchange Commission pursuant to Section 12 of the Act, or file reports pursuant to Section 15(d), of the Securities Exchange Act of 1934 (the "1934 Act"), or if a registration statement covering the securities under the Act is not in effect when it desires to sell (i) the right to purchase Shares pursuant to the Warrant, or (ii) the Shares issuable upon exercise of the right to purchase, it may be required to hold such securities for an indefinite period.

5.4 Accredited Investor. Holder is an "accredited investor," as such term is defined in Regulation D promulgated pursuant to the Act.

Initials Initials

ARTICLE 6
MISCELLANEOUS

6.1 Term. This Warrant is exercisable, in whole or in part, at any time and from time to time on or after the Issue Date and on or before the Expiration Date set forth above.

6.2 Compliance with Securities Laws on Transfer. This Warrant may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to an affiliate of Holder.

6.3 Transfer Procedure. Holder shall have the right without the consent of the Company to transfer or assign in whole or in part this Warrant and the Shares issuable upon exercise of this Warrant. Holder agrees that unless there is in effect a registration statement under the Act covering the proposed transfer of all or part of this Warrant, prior to any such proposed transfer the Holder shall give written notice thereof to the Company (a "Transfer Notice"). Each Transfer Notice shall describe the manner and circumstances of the proposed transfer in reasonable detail and, if the company so requests, shall be accompanied by an opinion of legal counsel, in a form reasonably satisfactory to the Company, to the effect that the proposed transfer may be effected without registration under the Act; provided that the Company will not require opinions of counsel for transactions involving transfers to affiliates or pursuant to Rule 144 promulgated by the Securities and Exchange Commission under the act, except in unusual circumstances.

6.4 Notices, etc. All notices and other communications required or permitted hereunder shall be in writing and shall be delivered personally, or sent by telecopier machine or by a nationally recognized overnight courier service, and shall be deemed given when so delivered personally, or by telecopier machine or overnight courier service as follows:

If to the Company, to:

3DIcon Corporation
7507 Sandusky Ave.
Tulsa, Oklahoma 74136
Telephone: 918-492-5082
Facsimile: 918-492-5367

With a copy to:

John M. O'Connor, Esq.
Newton, O'Connor, Turner & Ketchum
15 W. Sixth Street, Suite 2700
Tulsa, Oklahoma 74119
Telephone: 918-587-0101
Facsimile: 918-587-0102

Initials Initials

If to the Holder, to:

Golden Gate Investors, Inc.
7817 Herschel Avenue, Suite 200
La Jolla, CA 92037
Telephone: 858-551-8789
Facsimile: 858-551-8779

or at such other address as the Company shall have furnished to the Holder. Each such notice or other communication shall for all purposes of this agreement be treated as effective or having been given when delivered if delivered personally, or, if sent by mail, at the earlier of its receipt or five days after the same has been deposited in a regularly maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid.

6.5 Counterparts. This agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument. Facsimile execution shall be deemed originals.

6.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

6.7 Attorneys Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys fees.

6.8 Governing Law; Jurisdiction. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law. Each of the parties hereto consents to the jurisdiction of the federal courts whose districts encompass any part of the City of San Diego or the state courts of the State of California sitting in the City of San Diego in connection with any dispute arising under this Warrant and hereby waives, to the maximum extent permitted by law, any objection including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions.

6.9 Remedies. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transactions hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Warrant will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Warrant, that the Holder shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Warrant and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

Initials Initials

IN WITNESS WHEREOF, the parties hereto have duly caused this Warrant to Purchase Common Stock to be executed and delivered on the date first above written.

3DIcon Corporation	Golden Gate Investors, Inc.
By: _____	By: _____
Title: _____	Title: _____
_____ Initials	_____ Initials

APPENDIX 1

WARRANT NOTICE OF EXERCISE

1. The undersigned hereby elects to purchase _____ shares of the Common Stock of 3DIcon Corporation pursuant to the terms of the Warrant to Purchase Common Stock issued to Golden Gate Investors, Inc. on November ___, 2006.

2. Please issue a certificate or certificates representing said shares in the name of the undersigned or in such other name as is specified below:

Golden Gate Investors, Inc.
7817 Herschel Ave., Suite 200
La Jolla, California 92037

3. The undersigned makes the representations and covenants set forth in Article 5 of the Warrant to Purchase Common Stock.

_____
(Signature)

_____
(Date)

_____ _____
Initials Initials

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE, AND IS BEING OFFERED AND SOLD PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. THIS SECURITY MAY NOT BE SOLD OR TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR SUCH OTHER LAWS.

6 ¼ % CONVERTIBLE DEBENTURE

Company: 3DIcon Corporation
Company Address: 7507 Sandusky Ave., Tulsa, Oklahoma 74136
Closing Date: November 3, 2006
Maturity Date: November 3, 2009
Principal Amount: $1,250,000
First Payment Due Date: January 15, 2007

3DIcon Corporation, an Oklahoma corporation, and any successor or resulting corporation by way of merger, consolidation, sale or exchange of all or substantially all of the assets or otherwise (the **"Company"**), for value received, hereby promises to pay to the Holder (as such term is hereinafter defined), or such other Person (as such term is hereinafter defined) upon order of the Holder, on the Maturity Date, the Principal Amount (as such term is hereinafter defined), as such sum may be adjusted pursuant to Article 3, and to pay interest thereon from the Closing Date, monthly in arrears, on the 15th day of each month (each an **"Interest Payment Due Date"** and collectively, the **"Interest Payment Due Dates"**), commencing on the First Payment Due Date, at the rate of six and one-quarter percent (6 ¼ %) per annum (the **"Debenture Interest Rate"**), until the Principal Amount of this Debenture has been paid in full. All interest payable on the Principal Amount of this Debenture shall be calculated on the basis of a 360-day year for the actual number of days elapsed. Payment of interest on this Debenture shall be in cash or, at the option of the Holder, in shares of Common Stock of the Company valued at the then applicable Conversion Price (as defined herein). This Debenture may not be prepaid without the written consent of the Holder.

ARTICLE 1
DEFINITIONS

SECTION 1.1 Definitions. The terms defined in this Article whenever used in this Debenture have the following respective meanings:

(i) **"Affiliate"** has the meaning ascribed to such term in Rule 12b-2 under the Securities Exchange Act of 1934, as amended.

(ii) **"Bankruptcy Code"** means the United States Bankruptcy Code of 1986, as amended (11 U.S.C. §§ 101 et. seq.).

_____ _____
Initials Initials

(iii) **"Business Day"** means a day other than Saturday, Sunday or any day on which banks located in the State of California are authorized or obligated to close.

(iv) **"Capital Shares"** means the Common Stock and any other shares of any other class or series of capital stock, whether now or hereafter authorized and however designated, which have the right to participate in the distribution of earnings and assets (upon dissolution, liquidation or winding-up) of the Company.

(v) **"Common Shares"** or **"Common Stock"** means shares of the Company's Common Stock.

(vi) **"Common Stock Issued at Conversion"**, means the Common Stock deliverable upon conversion of this Debenture, including all securities of any other class or series into which this Debenture may hereafter be convertible, whether now or hereafter created and however designated.

(vii) **"Conversion"** or **"conversion"** means the repayment by the Company of the Principal Amount of this Debenture (and, to the extent the Holder elects as permitted by Section 3.1, accrued and unpaid interest thereon) by the delivery of Common Stock on the terms provided in Section 3.2, and **"convert," "converted," "convertible"** and like words shall have a corresponding meaning.

(viii) **"Conversion Date"** means any day on which all or any portion of the Principal Amount of this Debenture is converted in accordance with the provisions hereof.

(ix) **"Conversion Notice"** means a written notice of conversion substantially in the form annexed hereto as Exhibit A.

(x) **"Conversion Price"** on any date of determination means the applicable price for the conversion of this Debenture into Common Shares on such day as set forth in Section 3.1(a).

(xi) **"Current Market Price"** on any date of determination means the closing price of a Common Share on such day as reported on the "pink sheets" through the Interdealer Trading and Quotation System; provided that, if such security is not traded on the over the counter market via the pink sheets, then as reported on the NASDAQ OTCBB Exchange; provided that, if such security is not traded on the over the counter market via the pink sheets, then as reported on the NASDAQ OTCBB, or if not so traded on the OTCBB, then as reported on the principal national security exchange or quotation system on which such security is quoted or listed or admitted to trading, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the closing bid price of such security on the over-the-counter market on the day in question as reported by Bloomberg LP or a similar generally accepted reporting service, as the case may be.

(xii) **"Deadline"** means the date that is the 90th day from the Closing Date, provided, however, the Deadline shall be extended by such time as is necessary for the Company to respond to comments by the SEC, so long as the Company files the appropriate registration statement within 30 days of the Closing Date and thereafter responds to all SEC comments within 10 Business Days of receipt thereof, and provided, further, that such 10 Business Day period shall be extended to a date that is the second Business Day following the receipt by the Company of information necessary to formulate such response to the SEC in the event such information must be provided by the Holder or an Affiliate of the Holder, and such information is not provided to the Company on or before eight Business Days from the original receipt of the SEC comments.

_____ _____

Initials Initials

(xiii) **"Debenture"** or **"Debentures"** means this Convertible Debenture of the Company or such other convertible debenture(s) exchanged therefor as provided in Section 2.1.

(xiv) "**Discount Multiplier**" has the meaning set forth in Section 3.1(a).

(xv) **"Event of Default"** has the meaning set forth in Section 6.1.

(xvi) **"Holder"** means Golden Gate Investors, Inc., any successor thereto, or any Person to whom this Debenture is subsequently transferred in accordance with the provisions hereof.

(xvii) **"Interest Payment Due Date"** has the meaning set forth in the opening paragraph of this Debenture.

(xviii) **"Market Disruption Event"** means any event that results in a material suspension or limitation of trading of the Common Shares.

(xix) **"Market Price"** per Common Share means the closing price of the Common Shares on any Trading Day as reported in the "pink sheets" through the Interdealer Trading Quotation System; provided, if such security is not traded on the over the counter market via the pink sheets, then the closing price on the NASDAQ OTCBB; provided further, that, if such security is not listed or admitted to trading on the NASDAQ OTCBB, as reported on the principal national security exchange or quotation system on which such security is quoted or listed or admitted to trading, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the lowest price of the Common Shares during any Trading Day on the over-the-counter market as reported by Bloomberg LP or a similar generally accepted reporting service, as the case may be.

(xx) **"Maximum Rate"** has the meaning set forth in Section 6.4.

(xxi) **"Outstanding"** when used with reference to Common Shares or Capital Shares (collectively, **"Shares"**) means, on any date of determination, all issued and outstanding Shares, and includes all such Shares issuable in respect of outstanding scrip or any certificates representing fractional interests in such Shares; provided, however, that any such Shares directly or indirectly owned or held by or for the account of the Company or any Subsidiary of the Company shall not be deemed **"Outstanding"** for purposes hereof.

(xxii) **"Person"** means an individual, a corporation, a partnership, an association, a limited liability company, an unincorporated business organization, a trust or other entity or organization, and any government or political subdivision or any agency or instrumentality thereof.

(xxiii) **"Principal Amount"** means, for any date of calculation, the principal sum set forth in the first paragraph of this Debenture; provided (1) "Principal Amount" shall include only so much of the amount which the Holder has actually advanced pursuant to the Securities Purchase Agreement and which has actually been advanced to the Company out of the Escrow, and (2) "Principal Amount" shall not include any amount of the Debenture with respect to which Holder has at the time furnished a Conversion Notice in compliance with Section 3.2. Notwithstanding anything herein or in the Securities Purchase Agreement to the contrary, Holder shall never be entitled to convert any portion of the Debenture with respect to which Holder has not yet paid the Purchase Price and such portion of the Purchase Price has been released to the Company from the Escrow, in accordance with the terms of the Securities Purchase Agreement.

(xxiv) **"Registration Rights Agreement"** means that certain Registration Rights Agreement of even date herewith by and between the Company and Holder, as the same may be amended from time to time.

(xxv) **"SEC"** means the United States Securities and Exchange Commission.

(xxvi) **"Securities Act"** means the Securities Act of 1933, as amended, and the rules and regulations of the SEC thereunder, all as in effect at the time.

(xxvii) **"Securities Purchase Agreement"** means that certain Securities Purchase Agreement of even date herewith by and among the Company and Holder, as the same may be amended from time to time.

(xxviii) **"Subsidiary"** means any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are owned directly or indirectly by the Company.

(xxix) **"Trading Day"** means any day on which (i) purchases and sales of securities on the principal national security exchange or quotation system on which the Common Shares are traded are reported thereon, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, as reported by Bloomberg LP or a similar generally accepted reporting service, as the case may be, (ii) at least one bid for the trading of Common Shares is reported and (iii) no Market Disruption Event occurs.

(xxx) **"Volume Weighted Average Price"** per Common Share means the volume weighted average price of the Common Shares during any Trading Day as reported on the NASDAQ OTCBB; provided that, if such security is not listed or admitted to trading on the NASDAQ OTCBB, as reported on the principal national security exchange or quotation system on which such security is quoted or listed or admitted to trading, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the volume weighted average price of the Common Shares during any Trading Day on the over-the-counter market as reported by Bloomberg LP or a similar generally accepted reporting service, as the case may be.

All references to "cash" or "$" herein means currency of the United States of America.

ARTICLE 2
EXCHANGES, TRANSFER AND REPAYMENT

SECTION 2.1 Registration of Transfer of Debentures. This Debenture, when presented for registration of transfer, shall (if so required by the Company) be duly endorsed, or be accompanied by a written instrument of transfer in form reasonably satisfactory to the Company duly executed, by the Holder duly authorized in writing.

SECTION 2.2 Loss, Theft, Destruction of Debenture. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Debenture and, in the case of any such loss, theft or destruction, upon receipt of indemnity or security reasonably satisfactory to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Debenture, the Company shall make, issue and deliver, in lieu of such lost, stolen, destroyed or mutilated Debenture, a new Debenture of like tenor and unpaid Principal Amount dated as of the date hereof (which shall accrue interest from the most recent Interest Payment Due Date on which an interest payment was made in full). This Debenture shall be held and owned upon the express condition that the provisions of this Section 2.2 are exclusive with respect to the replacement of a mutilated, destroyed, lost or stolen Debenture and shall preclude any and all other rights and remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement of negotiable instruments or other securities without the surrender thereof.

SECTION 2.3 Who Deemed Absolute Owner. The Company may deem the Person in whose name this Debenture shall be registered upon the registry books of the Company to be, and may treat it as, the absolute owner of this Debenture (whether or not this Debenture shall be overdue) for the purpose of receiving payment of or on account of the Principal Amount of this Debenture, for the conversion of this Debenture and for all other purposes, and the Company shall not be affected by any notice to the contrary. All such payments and such conversions shall be valid and effectual to satisfy and discharge the liability upon this Debenture to the extent of the sum or sums so paid or the conversion or conversions so made.

SECTION 2.4 Repayment at Maturity. At the Maturity Date, the Company shall repay the outstanding Principal Amount of this Debenture in whole in cash, together with all accrued and unpaid interest thereon, in cash, to the Maturity Date.

ARTICLE 3
CONVERSION OF DEBENTURE

SECTION 3.1 Conversion; Conversion Price; Valuation Event.

(a) Subject to the limitations set forth in Section 3.5 hereof, and further subject to the limitations on the obligation to either release funds from the Escrow or issue Conversion Shares pursuant to Section I.B of the Securities Purchase Agreement, at the option of the Holder, this Debenture may be converted, either in whole or in part, up to the full Principal Amount hereof into Common Shares (calculated as to each such conversion to the nearest 1/100th of a share), at any time and from time to time on any Business Day, subject to compliance with Section 3.2. The number of Common Shares into which this Debenture may be converted is equal to the dollar amount of the Debenture being converted divided by the Conversion Price. The **"Conversion Price"** shall be equal to the lesser of (i) $2.00, or (ii) 80% of the average of the five lowest Volume Weighted Average Prices during the twenty Trading Days prior to Holder's election to convert (the percentage figure being a **"Discount Multiplier"**); provided, that in the event the Registration Statement has not been declared effective by the SEC by the Deadline then the applicable Discount Multiplier shall decrease by three percentage points for each month or partial month occurring after the Deadline that the Registration Statement is not effective or, if the Registration Statement has theretofore been declared effective but is not thereafter effective, then the applicable Discount Multiplier shall decrease by three percentage points for each week or partial week occurring after the Deadline that the Registration Statement is not effective. In addition, if the Registration Statement has theretofore been declared effective but is not thereafter effective, Holder, at its option, shall be entitled to the Conversion Price on the date that the Registration Statement is no longer effective, for a period beginning on the date that the Registration Statement is declared effective and continuing for the number of days that a Registration Statement was not effective. The Company reserves the right to increase the number of Trading Days in clause (ii) above, as it deems appropriate.

_____ _____
Initials Initials

If the Holder elects to convert a portion of the Debenture and, on the day that the election is made, the Volume Weighted Average Price is below $0.75, the Company shall have the right to prepay that portion of the Debenture that Holder elected to convert, plus any accrued and unpaid interest, at 135% of such amount. In the event that the Company elects to prepay that portion of the Debenture, Holder shall have the right to withdraw its Conversion Notice. If, at anytime during the month, the Volume Weighted Average Price is below $0.75, Holder shall not be obligated to convert any portion of the Debenture during that month.

(b) Notwithstanding the provisions of Section 3.1(a), in the event the Company's Registration Statement has not been declared effective by the Deadline or, if the Registration Statement has theretofore been declared effective but is not thereafter effective, the following will also apply in addition to any damages incurred by the Holder as a result thereof:

(i) The Holder may demand repayment of one hundred and fifteen percent (115%) of the Principal Amount of the Debenture, together with all accrued and unpaid interest on the Principal Amount of the Debenture, in cash, at any time after the Deadline but prior to the Company's Registration Statement being declared effective by the SEC or during the period that the Company's Registration Statement is not effective, such repayment to be made within three (3) business days of such demand. In the event that the Debenture is so accelerated, in addition to the repayment of one hundred and fifteen percent (115%) of the Principal Amount together with accrued interest as aforesaid, the Company shall immediately issue and pay, as the case may be, to the Holder 25,000 Shares of Common Stock and $15,000 for each thirty (30) day period, or portion thereof, during which the Principal Amount, including interest thereon, remains unpaid following demand, with the monthly payment amount to increase to $20,000 for each thirty (30) day period, or portion thereof, after the first ninety (90) day period;

_____ _____

Initials Initials

(ii) If the SEC indicates that the Company's Registration Statement will be declared effective upon request by the Company, and the Company does not, within 3 business days of the SEC indication, request that the Registration Statement become effective, the amounts set forth in subsection (i) above shall double.

SECTION 3.2 Exercise of Conversion Privilege. (a) Conversion of this Debenture may be exercised on any Business Day by the Holder by telecopying an executed and completed Conversion Notice to the Company. Each date on which a Conversion Notice is telecopied to the Company in accordance with the provisions of this Section 3.2 shall constitute a Conversion Date. The Company shall convert this Debenture and issue the Common Stock Issued at Conversion in the manner provided below in this Section 3.2, and all voting and other rights associated with the beneficial ownership of the Common Stock Issued at Conversion shall vest with the Holder, effective as of the Conversion Date at the time specified in the Conversion Notice. The Conversion Notice also shall state the name or names (with addresses) of the persons who are to become the holders of the Common Stock Issued at Conversion in connection with such conversion. As promptly as practicable after the receipt of the Conversion Notice as aforesaid, but in any event not more than two (2) Business Days after the Company's receipt of such Conversion Notice, the Company shall (i) issue the Common Stock Issued at Conversion in accordance with the provisions of this Article 3 and (ii) cause to be mailed for delivery by overnight courier, or if a Registration Statement covering the Common Stock has been declared effective by the SEC cause to be electronically transferred, to Holder (x) a certificate or certificate(s) representing the number of Common Shares to which the Holder is entitled by virtue of such conversion, (y) cash, as provided in Section 3.3, in respect of any fraction of a Common Share deliverable upon such conversion and (z) cash or shares of Common Stock, as applicable, representing the amount of accrued and unpaid interest on this Debenture as of the Conversion Date. Such conversion shall be deemed to have been effected as of the Conversion Date, and at such time the rights of the Holder of this Debenture, as such (except if and to the extent that any Principal Amount thereof remains unconverted), shall cease and the Person and Persons in whose name or names the Common Stock issued at Conversion shall be issuable shall be deemed to have become the holder or holders of record of the Common Shares represented thereby, and all voting and other rights associated with the beneficial ownership of such Common Shares shall at such time vest with such Person or Persons. The Conversion Notice shall constitute a contract between the Holder and the Company, whereby the Holder shall be deemed to subscribe for the number of Common Shares which it will be entitled to receive upon such conversion and, in payment and satisfaction of such subscription (and for any cash adjustment to which it is entitled pursuant to Section 3.4), to surrender this Debenture and to release the Company from all liability thereon (except if and to the extent that any Principal Amount thereof remains unconverted). No cash payment aggregating less than $1.00 shall be required to be given unless specifically requested by the Holder.

(b) If, at any time after the date of this Debenture, (i) the Company wrongfully challenges, disputes or denies the right of the Holder hereof to effect the conversion of this Debenture into Common Shares or otherwise wrongfully dishonors or rejects any Conversion Notice delivered in accordance with this Section 3.2 or (ii) any third party who is not and has never been an Affiliate of the Holder commences any lawsuit or legal proceeding or otherwise asserts any claim before any court or public or governmental authority which seeks to challenge, deny, enjoin, limit, modify, delay or dispute the right of the Holder hereof to effect the conversion of this Debenture into Common Shares, then the Holder shall have the right, but not the obligation, by written notice to the Company, to require the Company to promptly redeem this Debenture for cash at one hundred and thirty-five (135%) of the Principal Amount thereof, together with all accrued and unpaid interest thereon to the date of redemption. Under any of the circumstances set forth above, the Company shall be responsible for the payment of all costs and expenses of the Holder, including reasonable legal fees and expenses, as and when incurred in defending itself in any such action or pursuing its rights hereunder (in addition to any other rights of the Holder).

_____ _____

Initials Initials

(c) To the fullest extent permitted by law, the Holder shall be entitled to exercise its conversion privilege notwithstanding the commencement of any case under the Bankruptcy Code. In the event the Company is a debtor under the Bankruptcy Code, the Company hereby waives to the fullest extent permitted any rights to relief it may have under 11 U.S.C. § 362 in respect of the Holder's conversion privilege. The Company hereby waives to the fullest extent permitted any rights to relief it may have under 11 U.S.C. § 362 in respect of the conversion of this Debenture. The Company agrees, without cost or expense to the Holder, to take or consent to any and all action necessary to effectuate relief under 11 U.S.C. § 362.

SECTION 3.3 Fractional Shares. No fractional Common Shares or scrip representing fractional Common Shares shall be delivered upon conversion of this Debenture. Instead of any fractional Common Shares which otherwise would be delivered upon conversion of this Debenture, the Company shall pay a cash adjustment in respect of such fraction in an amount equal to the same fraction multiplied by the Current Market Price on the Conversion Date. No cash payment of less than $1.00 shall be required to be given unless specifically requested by the Holder.

SECTION 3.4 Adjustments. The Conversion Price and the number of shares deliverable upon conversion of this Debenture are subject to adjustment from time to time as follows:

(i) Reclassification, Etc. In case the Company shall reorganize its capital, reclassify its capital stock, consolidate or merge with or into another Person (where the Company is not the survivor or where there is a change in or distribution with respect to the Common Stock of the Company), sell, convey, transfer or otherwise dispose of all or substantially all its property, assets or business to another Person, or effectuate a transaction or series of related transactions in which more than fifty percent (50%) of the voting power of the Company is disposed of (each, a **"Fundamental Corporate Change"**) and, pursuant to the terms of such Fundamental Corporate Change, shares of common stock of the successor or acquiring corporation, or any cash, shares of stock or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) in addition to or in lieu of common stock of the successor or acquiring corporation (**"Other Property"**) are to be received by or distributed to the holders of Common Stock of the Company, then the Holder of this Debenture shall have the right thereafter, at its sole option, to (x) receive the number of shares of common stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and Other Property as is receivable upon or as a result of such Fundamental Corporate Change by a holder of the number of shares of Common Stock into which the outstanding portion of this Debenture may be converted at the Conversion Price applicable immediately prior to such Fundamental Corporate Change or (y) require the Company, or such successor, resulting or purchasing corporation, as the case may be, to, without benefit of any additional consideration therefor, execute and deliver to the Holder a debenture with substantial identical rights, privileges, powers, restrictions and other terms as this Debenture in an amount equal to the amount outstanding under this Debenture immediately prior to such Fundamental Corporate Change. For purposes hereof, **"common stock of the successor or acquiring corporation"** shall include stock of such corporation of any class which is not preferred as to dividends or assets over any other class of stock of such corporation and which is not subject to prepayment and shall also include any evidences of indebtedness, shares of stock or other securities which are convertible into or exchangeable for any such stock, either immediately or upon the arrival of a specified date or the happening of a specified event and any warrants or other rights to subscribe for or purchase any such stock. The foregoing provisions shall similarly apply to successive Fundamental Corporate Changes.

_____ _____

Initials Initials

SECTION 3.5 Certain Conversion Limits.

So long as any of the Principal Amount of this Debenture is outstanding, the Holder shall not have the right, and the Company shall not have the obligation, to convert any portion of this Debenture if, following a Conversion Notice from the Holder, the result would be that the Holder would be deemed the beneficial owner of more than 9.99% of the then Outstanding shares of Common Stock. Further, for a period of one year after the Closing Date, if and to the extent that, on any date, the mere holding by the Holder of this Debenture (regardless of the actual conversion of any portion thereof) would result in the Holder's being deemed the beneficial owner of more than 9.99% of the then Outstanding shares of Common Stock, then in addition to the Holder having no right, and the Company having no obligation, to convert any portion of this Debenture as shall cause such Holder to be deemed the beneficial owner of more than 9.99% of the then Outstanding shares of Common Stock if any court of competent jurisdiction shall determine that the foregoing limitation is ineffective to prevent the Holder, by mere ownership of the Debenture, from being deemed the beneficial owner of more than 9.99% of the then Outstanding shares of Common Stock, then the Company shall prepay such portion of this Debenture as shall cause such Holder not to be deemed the beneficial owner of more than 9.99% of the then Outstanding shares of Common Stock. Upon such determination by a court of competent jurisdiction, the Holder shall have no interest in or rights under such portion of the Debenture. Any and all interest paid on or prior to the date of such determination shall be deemed interest paid on the remaining portion of this Debenture held by the Holder.

SECTION 3.6 Surrender of Debentures. Upon any redemption of this Debenture pursuant to Sections 3.2, 3.5 or 6.2, or upon maturity pursuant to Section 2.4, the Holder shall either deliver this Debenture by hand to the Company at its principal executive offices or surrender the same to the Company at such address by nationally recognized overnight courier. Payment of the redemption price or the amount due on maturity specified in Section 2.4, shall be made by the Company to the Holder against receipt of this Debenture (as provided in this Section 3.5) by wire transfer of immediately available funds to such account(s) as the Holder shall specify by written notice to the Company. If payment of such redemption price is not made in full by the redemption date, or the amount due on maturity is not paid in full by the Maturity Date, the Holder shall again have the right to convert this Debenture as provided in Article 3 hereof or to declare an Event of Default.

_____ _____

Initials Initials

ARTICLE 4
STATUS; RESTRICTIONS ON TRANSFER

SECTION 4.1 Status of Debenture. This Debenture constitutes a legal, valid and binding obligation of the Company, enforceable in accordance with its terms subject, as to enforceability, to general principles of equity and to principles of bankruptcy, insolvency, reorganization and other similar laws of general applicability relating to or affecting creditors' rights and remedies generally.

SECTION 4.2 Restrictions on Transfer. This Debenture, and any Common Shares deliverable upon the conversion hereof, have not been registered under the Securities Act. The Holder by accepting this Debenture agrees that this Debenture and the shares of Common Stock to be acquired as interest on and upon conversion of this Debenture may not be assigned or otherwise transferred unless and until (i) the Company has received an opinion of counsel for the Company that this Debenture or such shares may be sold pursuant to an exemption from registration under the Securities Act or (ii) a registration statement relating to this Debenture or such shares has been filed by the Company and declared effective by the SEC.

Each certificate for shares of Common Stock deliverable hereunder shall bear a legend as follows unless and until such securities have been sold pursuant to an effective registration statement under the Securities Act:

> "The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Securities Act"). The securities may not be offered for sale, sold or otherwise transferred except (i) pursuant to an effective registration statement under the Securities Act or (ii) pursuant to an exemption from registration under the Securities Act in respect of which the issuer of this certificate has received an opinion of counsel satisfactory to the issuer of this certificate to such effect. The securities are further subject to the terms of a Securities Purchase Agreement dated November ___, 2006, copies of which may be obtained at no cost by written request made by the holder of record of this certificate to the Secretary of the issuer of this certificate at the principal executive offices of the issuer of this certificate."

ARTICLE 5
COVENANTS

SECTION 5.1 Conversion. The Company shall cause the transfer agent, not later than two (2) Business Days after the Conversion Date, to issue and deliver to the Holder the requisite shares of Common Stock Issued at Conversion. Such delivery shall be by electronic transfer if a Registration Statement covering the Common Stock has been declared effective by the SEC.

_____ _____
Initials Initials

SECTION 5.2 Notice of Default. If any one or more events occur which constitute or which, with notice, lapse of time, or both, would constitute an Event of Default, the Company shall forthwith give notice to the Holder, specifying the nature and status of the Event of Default or such other event(s), as the case may be.

SECTION 5.3 Payment of Obligations. So long as this Debenture shall be outstanding, the Company shall pay, extend, or discharge at or before maturity, all its respective material obligations and liabilities, including, without limitation, tax liabilities, except where the same may be contested in good faith by appropriate proceedings.

SECTION 5.4 Compliance with Laws. So long as this Debenture shall be outstanding, the Company shall comply with all applicable laws, ordinances, rules, regulations and requirements of governmental authorities, except for such noncompliance which would not have a material adverse effect on the business, properties, prospects, condition (financial or otherwise) or results of operations of the Company and the Subsidiaries.

SECTION 5.5 Inspection of Property, Books and Records. So long as this Debenture shall be outstanding, the Company shall keep proper books of record and account in which full, true and correct entries shall be made of all material dealings and transactions in relation to its business and activities and shall permit representatives of the Holder at the Holder's expense to visit and inspect any of its respective properties, to examine and make abstracts from any of its respective books and records, not reasonably deemed confidential by the Company, and to discuss its respective affairs, finances and accounts with its respective officers and independent public accountants, all at such reasonable times and as often as may reasonably be desired.

SECTION 5.6 Right of First Refusal on Other Financing. Subsequent to the date on which the Company's registration statement filed pursuant to the Registration Rights Agreement becomes effective with the SEC, in the event that the Company obtains a commitment for any other financing (either debt, equity, or a combination thereof) which is to close during the term of this Debenture, Holder shall be entitled to a right of first refusal to enable it to, at Holder's option, match the terms of the other financing. The Company shall deliver to Holder, at least 10 days prior to the proposed closing date of such transaction, written notice describing the proposed transaction, including the terms and conditions thereof, and providing Holder an option during the 10 day period following delivery of such notice to provide the financing being offered in such transaction on the same terms as contemplated by such transaction.

ARTICLE 6
EVENTS OF DEFAULT; REMEDIES

SECTION 6.1 Events of Default. **"Event of Default"** wherever used herein means any one of the following events:

(i) the Company shall default in the payment of principal of or interest on this Debenture as and when the same shall be due and payable and, in the case of an interest payment default, such default shall continue for five (5) Business Days after the date such interest payment was due, or the Company shall fail to perform or observe any other covenant, agreement, term, provision, undertaking or commitment under this Debenture, the Securities Purchase Agreement or the Registration Rights Agreement and such default shall continue for a period of ten (10) Business Days after the delivery to the Company of written notice that the Company is in default hereunder or thereunder;

_____ _____

Initials Initials

(ii) any of the representations or warranties made by the Company herein, in the Securities Purchase Agreement, the Registration Rights Agreement or in any certificate or financial or other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of this Debenture, the Securities Purchase Agreement or the Registration Rights Agreement shall be false or misleading in a material respect on the Closing Date;

(iii) under the laws of any jurisdiction not otherwise covered by clauses (iv) and (v) below, the Company or any Subsidiary (A) becomes insolvent or generally not able to pay its debts as they become due, (B) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, (C) institutes or has instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors or (z) the entry of an order for relief or the appointment of a receiver, trustee or other similar person for it or for any substantial part of its properties and assets, and in the case of any such official proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of sixty (60) calendar days, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs or (D) takes any corporate action to authorize any of the above actions;

(iv) the entry of a decree or order by a court having jurisdiction in the premises adjudging the Company or any Subsidiary a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under the Bankruptcy Code or any other applicable Federal or state law, or appointing a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Company or of any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and any such decree or order continues and is unstayed and in effect for a period of sixty (60) calendar days;

(v) the institution by the Company or any Subsidiary of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Bankruptcy Code or any other applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as and when they become due, or the taking of corporate action by the Company in furtherance of any such action;

_____ _____

Initials Initials

(vi) a final judgment or final judgments for the payment of money shall have been entered by any court or courts of competent jurisdiction against the Company and remains undischarged for a period (during which execution shall be effectively stayed) of thirty (30) days, provided that the aggregate amount of all such judgments at any time outstanding (to the extent not paid or to be paid, as evidenced by a written communication to that effect from the applicable insurer, by insurance) exceeds One Hundred Thousand Dollars ($100,000);

(vii) it becomes unlawful for the Company to perform or comply with its obligations under this Debenture, the Securities Purchase Agreement or the Registration Rights Agreement in any respect;

(viii) the Common Shares shall no longer be traded in the over the counter market via the Pink Sheets or not otherwise be listed for trading on the NASDAQ OTCBB (the **"Trading Market"** or, to the extent the Company becomes eligible to list its Common Stock on any other national security exchange or quotation system, upon official notice of listing on any such exchange or system, as the case may be, it shall be the **"Trading Market"**) or suspended from trading on the Trading Market, and shall not be reinstated, relisted or such suspension lifted, as the case may be, within five (5) days or;

(ix) the Company shall default (giving effect to any applicable grace period) in the payment of principal or interest as and when the same shall become due and payable, under any indebtedness, individually or in the aggregate, of more than One Hundred Thousand Dollars ($100,000);

SECTION 6.2 Acceleration of Maturity; Rescission and Annulment. If an Event of Default occurs and is continuing, then and in every such case the Holder may, by a notice in writing to the Company, rescind any outstanding Conversion Notice and declare that all amounts owing or otherwise outstanding under this Debenture are immediately due and payable and upon any such declaration this Debenture shall become immediately due and payable in cash at a price of one hundred and thirty-five percent (135%) of the Principal Amount thereof, together with all accrued and unpaid interest thereon to the date of payment; provided, however, in the case of any Event of Default described in clauses (iii), (iv), (v) or (vii) of Section 6.1, such amount automatically shall become immediately due and payable without the necessity of any notice or declaration as aforesaid.

SECTION 6.3 Late Payment Penalty. If any portion of the principal of or interest on this Debenture shall not be paid within ten (10) days of when it is due, the Discount Multiplier under this Debenture shall decrease by one percentage point (1%) for all conversions of this Debenture thereafter.

SECTION 6.4 Maximum Interest Rate. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate as provided for herein shall exceed the maximum lawful rate which may be contracted for, charged, taken or received by the Holder in accordance with any applicable law (the **"Maximum Rate"**), the rate of interest applicable to this Debenture shall be limited to the Maximum Rate. To the greatest extent permitted under applicable law, the Company hereby waives and agrees not to allege or claim that any provisions of this Note could give rise to or result in any actual or potential violation of any applicable usury laws.

_____ _____

Initials Initials

SECTION 6.5 Remedies Not Waived. No course of dealing between the Company and the Holder or any delay in exercising any rights hereunder shall operate as a waiver by the Holder.

SECTION 6.6 Remedies. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Debenture will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Debenture, that the Holder shall be entitled to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Debenture and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

SECTION 6.7 Payment of Certain Amounts. Whenever pursuant to this Debenture the Company is required to pay an amount in excess of the Principal Amount plus accrued and unpaid interest, the Company and the Holder agree that the actual damages to the Holder from the receipt of cash payment on this Debenture may be difficult to determine and the amount to be so paid by the Company represents stipulated damages and not a penalty and is intended to compensate the Holder in part for loss of the opportunity to convert this Debenture and to earn a return from the sale of shares of Common Stock acquired upon conversion of this Debenture at a price in excess of that price paid for such shares pursuant to this Debenture. The Company and the Holder hereby agree that such amount of stipulated damages is not disproportionate to the possible loss to the Holder from the receipt of a cash payment without the opportunity to convert this Debenture into shares of Common Stock.

ARTICLE 7
MISCELLANEOUS

SECTION 7.1 Notice of Certain Events. In the case of the occurrence of any event described in Section 3.4 of this Debenture, the Company shall cause to be mailed to the Holder of this Debenture at its last address as it appears in the Company's security registry, at least twenty (20) days prior to the applicable record, effective or expiration date hereinafter specified (or, if such twenty (20) days' notice is not possible, at the earliest possible date prior to any such record, effective or expiration date), a notice thereof, including, if applicable, a statement of the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up is expected to become effective, and the date as of which it is expected that holders of record of Common Stock will be entitled to exchange their shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale transfer, dissolution, liquidation or winding-up.

SECTION 7.2 Register. The Company shall keep at its principal office a register in which the Company shall provide for the registration of this Debenture. Upon any transfer of this Debenture in accordance with Articles 2 and 4 hereof, the Company shall register such transfer on the Debenture register.

_____ _____
Initials Initials

SECTION 7.3 Withholding. To the extent required by applicable law, the Company may withhold amounts for or on account of any taxes imposed or levied by or on behalf of any taxing authority in the United States having jurisdiction over the Company from any payments made pursuant to this Debenture.

SECTION 7.4 Transmittal of Notices. Except as may be otherwise provided herein, any notice or other communication or delivery required or permitted hereunder shall be in writing and shall be delivered personally, or sent by telecopier machine or by a nationally recognized overnight courier service, and shall be deemed given when so delivered personally, or by telecopier machine or overnight courier service as follows:

(1) If to the Company, to:

3DIcon Corporation
7507 Sandusky Ave.
Tulsa, Oklahoma 74136
Telephone: 918-492-5082
Facsimile: 918-492-5367

With a copy to:

John M. O'Connor, Esq.
Newton, O'Connor, Turner & Ketchum
15 W. Sixth Street, Suite 2700
Tulsa, Oklahoma 74119
Telephone: 918-587-0101
Facsimile: 918-587-0102

(2) If to the Holder, to:

Golden Gate Investors, Inc.
7817 Herschel Avenue, Suite 200
La Jolla, California 92037
Telephone: 858-551-8789
Facsimile: 858-551-8779

Each of the Holder or the Company may change the foregoing address by notice given pursuant to this Section 7.4.

SECTION 7.5 Attorneys' Fees. Should any party hereto employ an attorney for the purpose of enforcing or construing this Debenture, or any judgment based on this Debenture, in any legal proceeding whatsoever, including insolvency, bankruptcy, arbitration, declaratory relief or other litigation, the prevailing party shall be entitled to receive from the other party or parties thereto reimbursement for all reasonable attorneys' fees and all reasonable costs, including but not limited to service of process, filing fees, court and court reporter costs, investigative costs, expert witness fees, and the cost of any bonds, whether taxable or not, and that such reimbursement shall be included in any judgment or final order issued in that proceeding. The "prevailing party" means the party determined by the court to most nearly prevail and not necessarily the one in whose favor a judgment is rendered.

_____ _____
Initials Initials

SECTION 7.6 Governing Law. This Debenture shall be governed by, and construed in accordance with, the laws of the State of California (without giving effect to conflicts of laws principles). With respect to any suit, action or proceedings relating to this Debenture, the Company irrevocably submits to the exclusive jurisdiction of the courts of the State of California sitting in San Diego and the United States District Court located in the City of San Diego and hereby waives, to the fullest extent permitted by applicable law, any claim that any such suit, action or proceeding has been brought in an inconvenient forum. Subject to applicable law, the Company agrees that final judgment against it in any legal action or proceeding arising out of or relating to this Debenture shall be conclusive and may be enforced in any other jurisdiction within or outside the United States by suit on the judgment, a certified copy of which judgment shall be conclusive evidence thereof and the amount of its indebtedness, or by such other means provided by law.

SECTION 7.7 Waiver of Jury Trial. To the fullest extent permitted by law, each of the parties hereto hereby knowingly, voluntarily and intentionally waives its respective rights to a jury trial of any claim or cause of action based upon or arising out of this Debenture or any other document or any dealings between them relating to the subject matter of this Debenture and other documents. Each party hereto (i) certifies that neither of their respective representatives, agents or attorneys has represented, expressly or otherwise, that such party would not, in the event of litigation, seek to enforce the foregoing waivers and (ii) acknowledges that it has been induced to enter into this Debenture by, among other things, the mutual waivers and certifications herein.

SECTION 7.8 Headings. The headings of the Articles and Sections of this Debenture are inserted for convenience only and do not constitute a part of this Debenture.

SECTION 7.9 Payment Dates. Whenever any payment hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

SECTION 7.10 Binding Effect. Each Holder by accepting this Debenture agrees to be bound by and comply with the terms and provisions of this Debenture.

SECTION 7.11 No Stockholder Rights. Except as otherwise provided herein, this Debenture shall not entitle the Holder to any of the rights of a stockholder of the Company, including, without limitation, the right to vote, to receive dividends and other distributions, or to receive any notice of, or to attend, meetings of stockholders or any other proceedings of the Company, unless and to the extent converted into shares of Common Stock in accordance with the terms hereof.

SECTION 7.12 Facsimile Execution. Facsimile execution shall be deemed originals.

_____ _____

Initials Initials

IN WITNESS WHEREOF, the Company has caused this Debenture to be signed by its duly authorized officer on the date of this Debenture.

3DIcon Corporation

By: /s/ Martin Keating

Title: Chief Executive Officer

_____ _____

Initials Initials

EXHIBIT A
DEBENTURE CONVERSION NOTICE

TO: 3DIcon Corporation

The undersigned owner of this Convertible Debenture due November ___, 2009 (the **"Debenture"**) issued by 3DIcon Corporation (the **"Company"**) hereby irrevocably exercises its option to convert $_____ Principal Amount of the Debenture into shares of Common Stock in accordance with the terms of the Debenture. The undersigned hereby instructs the Company to convert the portion of the Debenture specified above into shares of Common Stock Issued at Conversion in accordance with the provisions of Article 3 of the Debenture. The undersigned directs that the Common Stock and certificates therefor deliverable upon conversion, the Debenture reissued in the Principal Amount not being surrendered for conversion hereby, [the check or shares of Common Stock in payment of the accrued and unpaid interest thereon to the date of this Notice,] together with any check in payment for fractional Common Stock, be registered in the name of and/or delivered to the undersigned unless a different name has been indicated below. All capitalized terms used and not defined herein have the respective meanings assigned to them in the Debenture. The conversion pursuant hereto shall be deemed to have been effected at the date and time specified below, and at such time the rights of the undersigned as a Holder of the Principal Amount of the Debenture set forth above shall cease and the Person or Persons in whose name or names the Common Stock Issued at Conversion shall be registered shall be deemed to have become the holder or holders of record of the Common Shares represented thereby and all voting and other rights associated with the beneficial ownership of such Common Shares shall at such time vest with such Person or Persons.

In the event that, at the time this Conversion Notice is received by the Company, there is not then in effect a registration statement on file with the Securities and Exchange Commission covering the Common Stock issued upon Conversion, then the undersigned hereby reaffirms all representations contained in Section II of the Securities Purchase Agreement dated October ___, 2006 as if such representations were made on the date hereof.

Date and time: _____

_____

By: _____

Title: _____

Fill in for registration of Debenture:
Please print name and address
(including ZIP code number):

_____

_____

_____

_____ _____
Initials Initials

SPONSORED RESEARCH AGREEMENT FY06-ORA3-06

THIS AGREEMENT is entered into by and between the Board of Regents of the University of Oklahoma, an educational agency of the State of Oklahoma (hereinafter referred to as "University") and 3DICON Corporation, an Oklahoma corporation with principal offices at P O Box 470941, Tulsa, OK 74147-0941 (hereinafter referred to as "Sponsor").

WITNESSETH

WHEREAS, the research program contemplated by this Agreement is of mutual interest and benefit to University and to Sponsor, will further the instructional and research objectives of University in a manner consistent with its status as a non-profit, state, educational institution, and may derive benefits for both Sponsor and University through the advancement of knowledge through discovery and the creation of new technologies;

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree to the following:

SECTION 1. DEFINITIONS

1.1 "Confidential/Proprietary Information" shall mean any and all proprietary knowledge, know-how, practices, processes, or other information related to the Project disclosed or submitted in writing or in other tangible form to either party by the other and which is conspicuously marked "Confidential" or similar proprietary legend.

1.2 "Invention" shall mean any invention, discovery, improvement, enhancement, concept, product, or idea made during the Project whether or not patentable or copyrightable, including but not limited to processes, machines, methods, computer software, formulas, and know-how directly relating thereto An Invention is "made during the Project" if it arises from work performed pursuant to the Project conducted under this Agreement and is made during the Period of Performance.

l.3 "Joint Invention" shall mean all Inventions made jointly by one or more employees of University and by one or more employees of Sponsor during the Period of Performance and the Project.

1.4 "Period of Performance" is the term of this Agreement as set forth in Section 3 below, unless earlier terminated as provided for in Section 5.

1.5 "Project" shall mean the research project entitled Investigation of 3-Dimensional Display Technologies as described in Appendix A, under the direction of James Sluss Jr. as Principal Investigator.

1.6 "Sponsor Invention" shall mean individually and collectively all Inventions conceived and/or made solely by one or more, employees of Sponsor during the Period of Performance and the Project.

1.7 "University Invention" shall mean individually and collectively all Inventions conceived and/or made solely by one or[1] more employees of University during the Period of Performance and the Project.

SECTION 2. RESEARCH WORK

2.1 University does not guarantee specific research results but will exercise good faith efforts to perform the Project substantially in accordance with the terms and conditions of this Agreement Sponsor understands that University's primary mission is education and advancement of knowledge and consequently the Project will be designed to carry out that mission

2.2 The manner of performance of the Project shall be determined solely by the Principal Investigator. In the event the Principal Investigator becomes unable 01 unwilling to continue the Project and a mutually acceptable substitute is not available, either party shall have the option to terminate the Project.

2.3 Sponsor agrees that, if funds are exhausted prior to completion of the research, University will, at the option of Sponsor, submit a final report of accomplishments or provide an estimate of additional funds required to complete the Project and will continue the research if such funds are provided by Sponsor On a calendar quarterly basis, University shall provide Sponsor a report of the status of the use of funds on the Project.

2.4 University shall be free to continue research, and Sponsor shall not gain any rights *via* this Agreement to other research. University does represent that no research shall be done in direct competition with the Project provided herein.

2.5 The Principal Investigator shall furnish Sponsor periodic (not less frequently than quarterly) letter reports summarizing progress on the Project The Principal Investigator shall prepare and submit, on behalf of University, a final report to the Sponsor within ninety (90) days of the termination of this Agreement

2.6 In the event of termination of the Project under section 2.2 or section 2.3 or section 5 below, the University shall provide an option to Sponsor to the research developed under this Agreement to the date of termination in accordance with Section 8.3 Such option shall be negotiated in accordance with Section 8.3.

SECTION 3. PERIOD OF PERFORMANCE

3.1 The Period of Performance will be: July 15, 2005 through January 14, 2007.

SECTION 4. COSTS, BILLINGS AND OTHER SUPPORT

4.1 Unless this agreement or the project is terminated before the expiration of the Period of Performance, for the services, reports, and other items to be delivered hereunder Sponsor shall pay University a fixed price in the amount of Four Hundred Fifty-Three Thousand Five Hundred Eighty Four Dollars and no cents ($453,584 00). Upon execution of this contract, Sponsor shall pay University Five Hundred Dollars and 00/00 cents ($500.00). Within ninety days of the execution of this contract, Sponsor shall pay University Seventy-Five Thousand and Ninety-Seven Dollars and 33/00 cents ($75,097 33) The remaining portion or Three Hundred Seventy-Seven Thousand Nine Hundred Eighty-Six Dollars and 67/00 cents ($377,98667) shall be due and payable without interest to the University of Oklahoma as follows: on October 15, 2005: $75,597.33; on January 15, 2006: $75,597.33; on April 15, 2006: the balance of $226,792 01, The University agrees to incur expenses primarily in accordance with the cost estimate included in **Appendix B** ("Budget"), which by reference is made a part hereof for all purposes If Sponsor terminates this Agreement prior to the expiration of the Period of Performance, it shall pay all amounts due and owning the University through the date of termination including all non-cancelable commitments for equipment; provided, that any equipment Sponsor has financed as of the date of termination shall be transferred to Sponsor.

4.2 The University agrees to incur[1] expenses substantially in accordance with the cost estimate included in Appendix B ("Budget"), incorporated herein by reference., University reserves the right to re-budget funds as necessary for completion of the Project. Any proposed rebudget greater than 25% shall be reported to Sponsor.

4 3 If this Agreement is terminated by University or Sponsor before the end of the eighteen month period, Sponsor shall retain title to any equipment purchased with funds provided by Sponsor under this Agreement Title to equipment furnished by Sponsor to University, if any, shall remain with the Sponsor, The costs of transporting, installing and servicing any equipment used herein, whether the property of University or Sponsor, shall be allowable under this Agreement.

SECTIONS 5. TERMINATION

5.1 Either party may terminate this Agreement at any time by giving not less than sixty (60) days prior written notice to the other. In the event of early termination, Sponsor agrees that University shall be reimbursed the fixed price of this agreement on a pro-rated scale to the date of the termination

5.2 In the event that either party shall commit any breach of or default in any of the terms or conditions of this Agreement, and also shall fail to remedy the default or breach within ninety (90) days after receipt of written notice thereof from the other party, the party giving notice may, at its option and in addition to any other remedies which it may have at law or in equity, terminate this Agreement by sending written notice of termination in accordance with Section 10 to the defaulting party and the termination shall be effective as of the date of the receipt of the notice.

5.3 Termination of this Agreement by either party for any reason shall not affect the rights and obli-gations of the parties accrued prior to the effective date of termination of this Agreement, except insofar as Sponsor's breach of contract for failure to make payments under Section 4 shall cause Sponsor to forfeit its rights under Section 8 The rights and duties of Sections 6,8, 9 and 11 of this Agreement shall survive termination

SECTION 6. PUBLICITY

6.1 Neither party to this Agreement may use the name or mark of the other nor the name(s) of the other's employees in news releases, publicity, advertising, or product promotion without the prior written permission of' the other.

SECTION 7. PUBLICATION

7.1 Subject to confidentiality provisions, University and Sponsor shall have the right at its discretion to release non-proprietary information or to publish any material resulting from the Project The party proposing to publish will furnish a copy of any proposed publication to the other party for its review at least thirty (30) days in advance of submission for publication. University shall not publish any material or information designated by Sponsor, in its sole discretion, as confidential or proprietary Publication of specific results may be delayed for a limited period, not to exceed sixty (60) days, to protect any patentable subject matter and remove Sponsor Proprietary Information contained in the publication.

Sponsor agrees to limit disclosure of such copies to its employees solely for the puiposes of review and comment unless otherwise agreed in writing by University No unreasonable delay shall be imposed on the filing, defense or publication of any student thesis or dissertation University shall give Sponsor the option of being acknowledged in such publication for its sponsorship of the Project

SECTION 8. INTELLECTUAL PROPERTY

8.1 Any University Invention shall belong to University and any Sponsor Invention shall belong to Sponsor; provided however, subject to confidentiality provisions, University is hereby granted a royalty-free, nonexclusive and nontransferable right and license to Sponsor Inventions for non-commercial, educational and research purposes. Any Joint Invention shall belong to University and Sponsor, jointly University shall execute a non-disclosure agreement covering Inventions, as may be required by Sponsor

8.2 University will provide Sponsor with a written disclosure of any University Invention or Joint Invention promptly upon its being reported to the University by the Principal Investigator Sponsor[1] will provide University with a written disclosure of any Sponsor Invention or Joint Invention promptly upon its being reported to Sponsor by a Sponsor investigator Sponsor shall execute a non-disclosure agreement covering Inventions, as may be required by the University; provided, that such non-disclosure agreement shall not impede the commercial use and exploitation of Invention licensed to Sponsor under this contract

8.3 University hereby giants to Sponsor an option to negotiate an exclusive license to a University Invention and University rights in a Joint Invention. The terms and conditions of the license shall be as set forth on the Exclusive License Agreement attached to this Agreement as **Appendix C,** except that the royalty to be paid University on a license for which Sponsor exercises its option shall be determined by the parties at the time of exercise The royalty shall be within the range of royalties set forth on **Appendix C** Each option shall be exercised as follows:

(a) Sponsor shall exercise its option to negotiate a license agreement for any such Inventions within sixty (60) days of Sponsor's receipt of University's written disclosure of the Invention to Sponsor by University.

(b) Sponsor shall exercise its option by executing the attached License Agreement, inserting Sponsor's offer as to the royalty amount and delivering it to University.

(c) Sponsor and University shall negotiate the royalty applicable to the license in good faith for a period that shall not exceed one hundred eighty (180) days from University's notice of disclosure to Sponsor, or such other period of time agreeable to both patties,

(d) In the event that Sponsor and University fail to reach an agreement on the amount of the royalty during that period of time, the University shall have the right to dispose of the Invention, at its sole and exclusive discretion with no further obligation to Sponsor,

SECTION .9. CONFIDENTIALITY

91 Each party shall be responsible for the protection of Confidential/Proprietary Information disclosed between the parties in the performance of the work described in Appendix A. A separate Confidentiality Agreement will be executed between the parties and incorporated into this Agreement through written modification to this Agreement.

SECTION 10. NOTICES

10 1 Notices, invoices, communications and payments shall be submitted to the offices identified below Contractual notices and communications hereunder shall be deemed made as of the date of mailing if given by overnight courier service or by registered, certified or first class mail, postage prepaid, and addressed to the party to receive such notice or communication at the address(es) given below, or such other address as may hereafter be designated by notice in writing

Name:	Martin Keating 3DICON	
Address:	Corporation PO, Box 470941 Tulsa, OK 74147-	
City, State, ZIP Code:	0941 (918) 492-5082	
Phone/Fax:	mkauthor@aol. com	(918) 492-5367
e-mail:		
	John M O'Connor, Esq.	
with a simultaneous copy to	15 W. 6th Street, Suite 2700	
	Tulsa, OK 74119-5423	
	(919)587-0101	
	joconnor@newtonoconnor.com	(918)587-0102
Name:	Martin Keating	
Address:	3DICON Corporation	
	P., O Box 470941	
City, State, ZIP Code:	Tulsa, OK 7414 7-0941	
	(918) 492-5082	
Phone/Fax:		(918) 492-5367
e-mail:	mkautb.or@aol .com	
with a simultaneous copy to		
	Philip W Suomu	
	P.O.. Box 191677	
	Dallas, TX 75219	
	tel. 214-528-5244	
	cell 214-675-7365	
	psuomu@rrisn.com	

Name:	Suzanne Turek	
Address:	Post Award Financial Services 731 Elm Avenue, Ste 134 :	
City, State, ZIP Code	Norman, OK 73019	
Phone/Fax:	(405) 325-4979	(405) 325-0165
e-mail:	sturek@ou.edu	

Name:	Gayle Parker	
Address:	Office of' Research Services 731 Elm Avenue, Ste 134	
City, State, ZIP Code:	Norman, OK 73019	
Phone/Fax:	(405) 325-6061	(405) 325-6029
e-mail:	gparker@ou.edu	

Name:	Dr, James Sluss Ir,	
Address:	School of Electrical & Computer Engineering - CEC 219 202 W, Boyd Street	
City, State, ZIP Code:	Norman, OK 73019	
Phone/Fax:	(918) 660-3254	( )
e-mail:	sluss@ou.edu	

SECTION 11. GENERAL TERMS AND CONDITIONS

11.1 This Agreement may not be assigned by either party in whole or in part without the prior written permission of the non-assigning party.

11.2 This Agreement shall be governed by the laws of the State of Oklahoma, without giving force and effect to its choice of law provisions. Any legal action in connection with this Agreement shall be filed in a court of competent jurisdiction in the State of Okalahoma, to which jurisdiction and venue spponsor expressly agrees.

11.3 Should the parties to this Agreement be unable to resolve between themselves any dispute arising from any of the provisions within this Agreement, each party shall have recourse under the law, In the event that either party commences action in law or equity to enforce any provision of this Agreement, the losing party shall pay to the prevailing party, reasonable attorneys' fees and expert witness fees fixed by the court.

11.4 If any provision(s) of this Agreement shall be held invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

11.5 This Agreement, including Appendices A, B and C, constitutes the entire agreement and understanding between the parties and supersedes all prior and/or contemporaneous discussions, representations, or agreements, whether written or oral, of the parties relating to the work to be performed This Agreement may be extended, renewed or otherwise amended at any time, but only by the mutual written agreement of the parties.

11.6 This Agreement may be executed in several counterparts, each of which shall be deemed the original, but all of which shall constitute one and the same instrument.

11.7 The parties agree that this Agreement shall be binding upon their respective successors, assigns or transferees of any nature, if assignment and/or transfer is permitted in accordance with the terms of this Agreement.

11.8 Sponsor agrees that it shall comply with the export control laws and regulations of the United States of America Sponsor shall be responsible for obtaining all information regarding such regulations that is necessary for Sponsor to comply with such regulations, Sponsor agrees that it will comply with all other applicable laws, orders and regulations relating to the use and/or transfer of deliverables specified in Appendix A and that it will not at any time take any action which would cause University to be in violation of any such laws, orders and regulations.

11.9 In the performance of all services hereunder, the parties shall be deemed to be and shall be independent contractors and, as such, neither shall be entitled to any benefits applicable to employees of the other. Neither party is authorized or empowered to act for the other for any purpose and shall not on behalf of the other enter into any contract, warranty, and/or representation as to any matter. Neither shall be bound by the acts or conduct of the other.

11.10 Sponsor shall indemnify, defend, and hold University, its Regents, officers, agents, students, and employees harmless from and against liability for any and all claims, demands, damages, liabilities, fines, penalties, losses, expenses, costs, and fees of any nature (e.g., attorneys' fees) including, but not limited to, bodily injury, death, personal injury, illness, product liability, and property damage arising from Sponsor's use of information or materials received from University, by Sponsor or its officers, servants, agents, or of any third patty acting on behalf of or under authorization from Sponsor including without limitation, use of products, developed or made arising out of or in connection with this Agreement. University will give Sponsor notice of any claim it receives within ten (10) business days of receipt of a claim by University.

11.11 University agrees to be responsible for its own negligent acts and omissions and those of its employees and agents in accordance with the Oklahoma Governmental Tort Claims Act, 51 OS 1991 151, *et seq*,, as amended.

11.12 The parties recognize that Inventions or' other proprietary information may arise from research sponsored in whole or in part by governmental agencies and shall be governed by the provisions of applicable law.

11.13 As applicable, the provisions of Executive Order 11246, as amended by EO 11375 and EO 11141 and as supplemented in Department of Labor regulations (41 CFR Part 60 et seq) are incorporated into this Agreement and must be included in any subcontracts awarded involving this Agreement The parties represent that all services are provided without discrimination on the basis of race, color, religion, national origin, disability, sex, or veteran's status; they do not maintain nor provide for their employees any segregated facilities, nor will the parties permit their employees to perform their services at any location where segregated facilities are maintained. In addition, the parties agree to comply with Section 504 of' the Rehabilitation Act and the Vietnam Era Veteran's Assistance Act of 1974, 38 US C §4212.

11.14 The terms of this Agreement shall not be binding upon any of the parties hereto until it has been properly executed on behalf of each party to the Agreement in the spaces provided below. It is then effective as of the starting date of the period of performance.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate by their duly authorized representatives on the dates set forth below.

3DICON CORPORATION	**THE BOARD OF REGENTS OF THE UNIVERSITY OF OKLAHOMA**
BY: Martin Keating	BY: Susan Wyatt Sedwick
TITLE: President	TITLE: Associate Vice President for Research
DATE: July 15, 2005	DATE: 7/13/05
READ AND UNDERSTOOD:	
BY: James J. Sluss, Jr.	DATE: 7/17/05

Appendix A

Investigation of 3-Uimensional Display Technologies

A Phase II Proposal to:

3D Icon Corporation Attn: Martin Keating
P.O. Box 470941
TuIsa, OK 74147-0941
Phone: 918=492-5082
FAX: 918-492-5367

Submitted by:

James J Sluss, Jr., Piamode K Venna and Monte P Tull
School of Electrical & Computer Engineering
University of Oklahoma

December 2, 2004

Introduction

The University of Oklahoma - Tulsa and 3D Icon Corporation entered into a Sponsored Research Agreement on April 20,2004, to carry out a project entitled "Investigation of Emerging Digital Holography Technologies " The tasks for this "Phase I" project were:

- Literature review to determine key leading edge research in relevant areas
- Review of related commercial products to identify technological approaches and potential competitors and/or partners
- Preliminary patent review
- Recommendations for product research and development directions

Based on our performance of these tasks, we strongly believe that opportunities exist to carry out research and development activities that can lead to new intellectual property and technology, Thus, we are proposing the following "Phase II" project

Phase II - Goals

- To produce patentable and/or copyrightable intellectual property
- To produce proof-of-concept technology that demonstrates the viability of the intellectual property.
- To assess opportunities for manufacturing technological products in Oklahoma,

Phase II - Proposed Statement of Work

Investigate magnetic nanospheres (MNs) for use as a projection media.

- What is the most appropriate size?
- Different sizes for different wavelengths?
- What is the optimal density, i.e.., # of particles per unit volume?
- What is the most effective means of controlling their distribution in an unbounded volumetric space?
- Ate off-the-shelf MNs sufficient, or do we require custom MNs?

Develop a control platform to actively distribute {MNs) in an unbounded volumetric space

- Design and fabricate prototype hardware
- Design and develop control software
- Evaluate for manufacturability
- Evaluate for reliability.

Investigate the doping of MNs with fluorescent materials for light emission at different wavelengths, i.e., develop fluorescent MNs (FMNs)

- Which dopants should be used?
- What are the optimal dopant concentrations?
- Can these FMNs be produced in-house?
- If so, is there an opportunity for OU-3DIcon to develop a small-scale manufacturing facility and establish pre-eminence as a supplier?

Evaluate other display medium technologies for potential strategic partner ships

- If other technologies (e g,,, Fog Screen) can be obtained, evaluate their performance for the targeted application,

Evaluate the most appropriate (from a cost-to-benefit standpoint) .solid-state light sources for projection applications

- Brightness
- Output wavelength - possibly matched to key absorption window of FMNs
- Footprint (size)

Investigate the use of TI's DLP technology to actively steer optical beams for 3D image formation.

- Design and fabricate a proof-of-concept sub-system using DLP technology,
- Design and fabricate hardware Design and develop control software

Develop software for displaying ideal 3D images

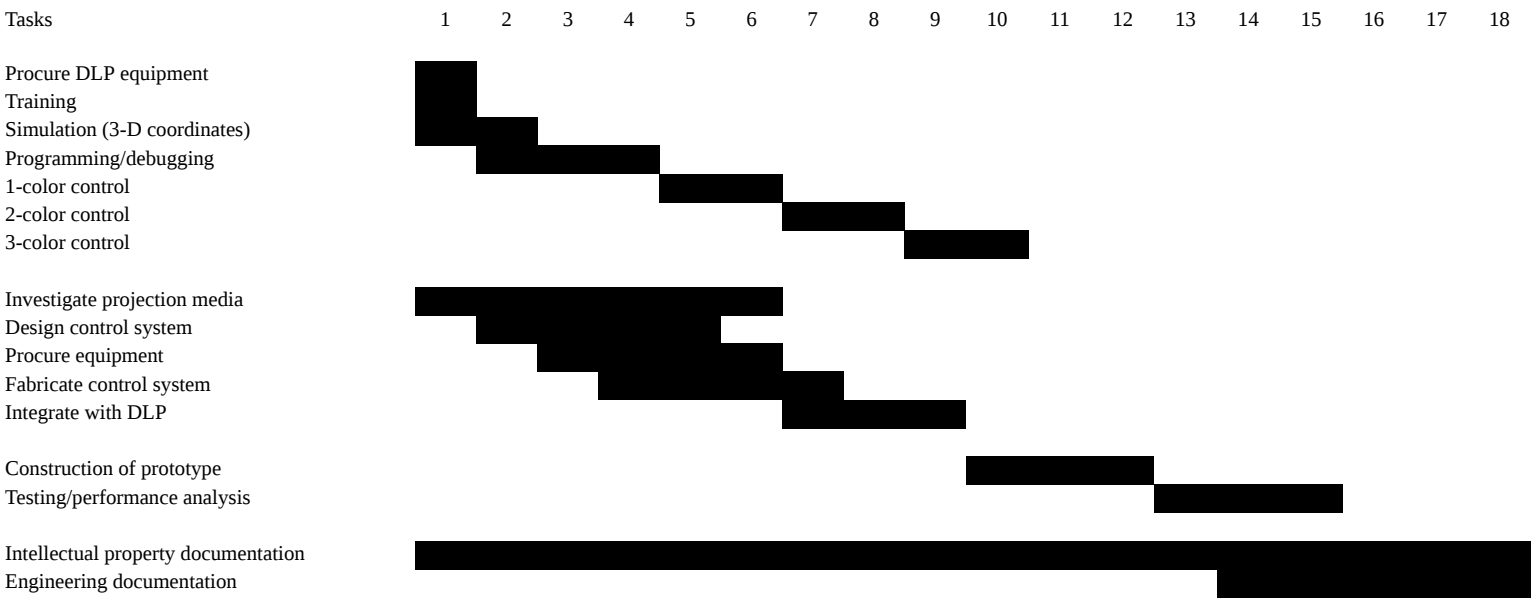
Investigate software interface issues with other image capture technologies.

Phase II - Budget Justification

The largest portion of the proposed 18-month budget will go toward personnel salaries and fringe benefits, Drs. Sluss and Tull are both budgeted for three summer months of full-time support, two each during the first summer and one each during the second summer of the project Dr. Verma is budgeted for two half months of summer support, one half-month per summer. A full-time research associate is budgeted to work with Drs. Sluss and Verma in Tulsa for 18 months, A half-time graduate research assistant is budgeted to work with Dr. Tull in Norman for 18 months.

We are budgeting $65k for equipment, plus $45k for materials and supplies, to fabricate and test a prototype display. We are budgeting $8k for travel, potentially to vendor sites and/or trade shows.

Phase II - Proposed Project Timeline



Appendix B

DETAIL BUDGET

CUMULATIVE

A. SENIOR PERSONNEL	SPONSOR REQUEST	OU COST SHARE	TOTAL
1. Principal Investigator James J. Sluss, Jr.	$ 32,986		$ 32,986
2. Co-Principal Investigator Pramode K. Verma	$ 11,791		$ 11,791
3. Co-Principal Invesigator Monte P. Tull	$ 23,150		$ 23,150
4.			
5.			
6. ( ) TOTAL SENIOR PERSONNEL (1-5)	$ 67,927		$ 67,927
B. OTHER PERSONNEL			
1. ( ) POST DOCTORAL ASSOCIATES			
2. (1) OTHER PROFESSIONALS (TECHNICIAN, PROGRAMMER, ETC.) Hakki Refai	$ 61,000		$ 61,000
3. ( ) PROJECT SECRETARIAL/CLERICAL			
4. ( ) GRADUATE STUDENTS Erik Petrick - Ph.D. Student @ .05 FTE x 18 mos.	$ 29,280		$ 29,280
5. ( ) UNDERGRADUATE STUDENTS			
6. ( ) OTHER			
TOTAL SALARIES AND WAGES (A+B)	$ 158,207		$ 158,207
A. FRINGE BENEFITS	$ 49,167		$ 49,167
TOTAL SALARIES WAGES AND FRINGE BENEFITS (A+B+C)	$ 207,374		$ 207,374
B. PERMANENT EQUIPMENT DMD Discover Kit (2) DMD boards High-speed PC Optical Mounting HW			
TOTAL PERMANENT EQUIPMENT	$ 65,000		$ 65,000
E. TRAVEL** 1 DOMESTIC: 2 FOREIGN	$ 8,000		$ 8,000
F. PARTICIPANT SUPPORT COSTS 1. STIPENDS 3. SUBSISTENCE 2. TRAVEL 4. OTHER			
G. OTHER DIRECT COSTS			
1 MATERIALS AND SUPPLIES	$ 45,000		$ 45,000
2. PUBLICATION COSTS/DOCUMENTATION DISSEMINATION			
3. CONSULTANT SERVICES			
4. COMPUTER (ADPE) SERVICES			
5. SUBCONTRACTS			
6. TUITION	$ 3,230	$ 6,139	$ 9,370
7. OTHER			
TOTAL OTHER DIRECT COSTS	$ 28,320	$ 6,139	$ 54,370
H. TOTAL DIRECT COSTS (A THROUGH G)	$ 328,604	$ 6,139	$ 334,744
I. INDIRECT COSTS: Base = $260,374	$ 124,980		$ 124,980
J. **TOTAL PROJECT COSTS**	$ 453,584	$ 6,139	

*Travel expenses will be reimbursed at federal rates, state rates or specified rates, as appropriate

— Revised (06/28/2002)

Appendix C

EXCLUSIVE PATENT LICENSE AGREEMENT

FOR VALUABLE CONSIDERATION, this AGREEMENT is entered by and between the Board of Regents of the University of Oklahoma, a public corporation of the State of Oklahoma having offices in Norman, Oklahoma ("UNIVERSITY"), and 3DICON Corporation, a corporation of the State of Oklahoma, having offices at P., O Box 470941, Tulsa, OK 74147-0941 ("LICENSEE"), effective as of _____ ("EFFECTIVE DATE"):

ARTICLE 1 -BACKGROUND

1.1 Except as specifically provided in this Agreement, UNIVERSITY is the owner of the entire light, title, and interest in the inventions described and claimed in the UNIVERSITY disclosure documents ("INVENTIONS"), patent applications or continuations and/or divisions thereof, foreign equivalent applications, and United States and/or foreign patents issuing on any of the foregoing, as well as all reissues and temporal extensions thereof (hereinafter collectively referred to as "PATENT RIGHTS") all as set forth in **Exhibit A**, attached hereto and incorporated herein, PATENT RIGHTS shall also include IMPROVEMENTS (defined hereafter) and as provided in **Article 8**; and

1.2 WHEREAS, LICENSEE engaged UNIVERSITY to perform two sponsored research projects regarding the INVENTIONS pursuant to agreements numbered___ and _____ (the"SRAs"); and

1.3 WHEREAS, LICENSEE and UNIVERSITY desire to enter this Agreement whereby UNIVERSITY giants to LICENSEE an exclusive license to all commercial uses of the INVENTIONS and PATENT RIGHTS; and

1.4 WHEREAS, UNIVERSITY and LICENSEE have taken the necessary actions to obtain authorization to enter this Agreement.

NOW THEREFORE, FOR VALUABLE **CONSIDERATION,** the receipt and sufficiency of which are acknowledged by the patties, UNIVERSITY and LICENSEE agree as follows:

ARTICLE 2 - DEFINITIONS

Terms in this Agreement (other than names of parties and Article headings) which are set forth in upper case letters shall have the meanings established for such terms in the following paragraphs of this Article 2 unless expressly set forth elsewhere herein.

2.1 "ACCOUNTING PERIOD" shall mean each calendar quarter period ending March 31, June 30, September 30, and December[1]31 of each calendar year

2.2 "FIELD" means the field of digital holography, including the capture of an image, the transmission of the image, and the projection or other recreation or display of the image.

Deleted 2.3

2.4 "IMPROVEMENT(S)" means any modification by UNIVERSITY or .jointly by UNIVERSITY and LICENSEE of the LICENSED PRODUCT(S), provided such modified product, if unlicensed, would infringe one or more claims covered under and/or included in PATENT RIGHTS; and further provided, IMPROVEMENTS made by UNIVERSITY as referred to in this
Agreement are specifically limited to IMPROVEMENTS in the FIELD made by employees of the UMVERSITY pursuant to a research agreement funded by LICENSEE, as long as UNIVERSITY first offered LICENSEE, and LICENSEE rejected, a right of first refusal on any SRA (or similar research contract) offered to UNIVERSITY relating thereto or an exclusive license covering the improvement, on the terms set forth in this Agreement

2.5 "LICENSED PRODUCT(S)" shall mean any product or part thereof, the manufacture, use, sale, offer to sell, importation, distribution, service or transfer of which:

(a) is covered by a valid claim of an issued, unexpired U S or[1] foreign patent(s) directed to the PATENT RIGHTS; or

(b) is covered by any claim prosecuted in a pending U.S or foreign patent application directed to the PATENT RIGHTS; or

(c) incorporates any INVENTIONS or IMPROVEMENTS; or

(d) incorporates any LICENSED TECHNOLOGY received from UNIVERSITY; or

(e) incorporates any joint TECHNOLOGY IMPROVEMENTS; or

(f) is derived from , includes or incorporates another LICENSED PRODUCT

2.6 "LICENSED TECHNOLOGY" shall mean existing, technical information, pertinent to the development of the INVENTIONS, owned by UNIVERSITY as of the EFFECTIVE DATE, that was developed and/or invented by UNIVERSITY under, or in the course of performance of, the SRAs, and which the UNIVERSITY is contractually and legally free to transfer.

2.7 "LICENSEE IMPROVEMENT" shall have the meaning set forth in **Paragraph 8,3**, below.

2.8 "MINIMUM ROYALTY" shall have the meaning set forth in **Paragraph 5.3**, below.

2.9 -**"NET SELLING PRICE" shall mean, except as set for in **Paragraph 2.9.4**, the amount LICENSEE billed or invoiced on sales, leases or other transfers of LICENSED PRODUCT(S), less sales taxes, shipping and/or insurance if these are separately itemized on the bill or invoice and collected by LICENSEE LICENSED PRODUCT(S) shall be deemed to be sold or leased when the LICENSEE invoices for such LICENSED PRODUCT(S); provided, that upon expiration of all PATENT RIGHTS covering LICENSED PRODUCT(S) or upon any termination of the last to expire patent and/or copyright, all shipments made on or prior to the day of such expiration or termination which have not been billed out prior thereto shall be considered as sold (and therefore subject to royalty) .

29.1 All taxes, fees or other payments of any matter or kind whatsoever imposed by any governmental authority in connection with the sale, lease or other disposition of LICENSED PRODUCT(S) or otherwise in connection with this Agreement shall be paid by LICENSEE

29.2 In no event shall the NET SELLING PRICE, as used to determine the PATENT ROYALTY, be less than those charged to outside concerns buying similar merchandise in similar amounts and under similar conditions.

29.3 Where LICENSED PRODUCT(S) are not sold, but are otherwise disposed of other than for promotional purposes, the NET SELLING PRICE of such products for the purposes of computing royalties shall be the selling price at which LICENSED PRODUCT(S) of similar kind and quality, sold in similar quantities, are then currently being offered for sale by LICENSEE or other manufacturers . Where such products are not currently sold or offered for sale by LICENSEE or other manufacturers, then the NET SELLING PRICE, for the purpose of computing royalties, shall be LICENSEE'S cost of manufacture, determined by LICENSEE'S customary accounting procedures, plus two hundred and fifty percent (250%) of the cost of manufacture.

29.4 If a LICENSED PRODUCT is sold in combination with an ACTIVE COMPONENT(s) not otherwise claimed in the PATENT RIGHTS and LICENSEE does not pay a royalty for such component that will result in a reduced royalty pursuant to **Paragraph 5.4** then the NET SELLING PRICE, for purposes of determining the ROYALTY on the LICENSED PRODUCT in the combination, will be calculated by multiplying the NET SELLING PRICE of the combination by the fraction A/(A+B), where A is the invoice price of the LICENSED PRODUCT, if sold separately, and B is the total invoice price of any other ACTIVE COMPONENT(S) in the combination if sold separately, If the LICENSED PRODUCT and the ACTIVE COMPONENT(S) in the combination are not sold separately, the NET SELLING PRICE, for' purposes of determining the ROYALTY on the LICENSED PRODUCT, will be calculated by multiplying the NET SELLING PRICE of the combination by the fraction determined by mutual agreement of the parties, that reflects the relative contribution in value that the LICENSED PRODUCT contained in the combination makes to the total value of such combination to the end user.

2.10 "ROYALTY" shall have the meaning set forth in **Paragraph 5.1**.

2.11 "SUBLICENSE ROYALTY" shall have the meaning set forth in **Paragraph 5.2**.

2.12 "TECHNOLOGY IMPROVEMENTS" means any modification or discovery or invention by UNIVERSITY or jointly by UNIVERSITY and LICENSEE which is based on or derived from or uses or arises out of any LICENSED TECHNOLOGY TECHNOLOGY IMPROVEMENTS mayor may not be IMPROVEMENTS Provided, TECHNOLOGY IMPROVEMENTS made by UNIVERSITY as referred to in this Agreement are specifically limited to TECHNOLOGY IMPROVEMENTS in the FIELD made by employees of UNIVERSITY or jointly by UNIVERSITY and LICENSEE,, In the event any TECHNOLOGY IMPROVEMENT also constitutes an IMPROVEMENT, as defined herein, the provisions herein relating to TECHNOLOGY IMPROVEMENTS shall control with respect to the ownership of such TECHNOLOGY IMPROVEMENTS and with respect to ownership and control over any patent applications covering any such TECHNOLOGY IMPROVEMENTS.

2.13 "UNIVERSITY IMPROVEMENT" shall have the meaning set forth in **Paragraphs 2.4,** above and 8.2, below.

ARTICLE 3 - GRANT AND **NONDISCLOSURE**

3.1 UNIVERSITY hereby giants to LICENSEE and LICENSEE accepts, subject to the terms and conditions hereof, an exclusive license to exploit for all commercial purposes at all stages and in all manners, including without limitation, to make, manufacture, practice, develop, improve, enhance, market, use, service, sell, offer to sell, lease, import, export, distribute, sublicense or otherwise transfer anywhere and everywhere in the world LICENSED PRODUCT(S), PATENT RIGHTS, INVENTIONS, IMPROVEMENTS, TECHNOLOGY IMPROVEMENTS and LICENSED TECHNOLOGY (collectively, the "LICENSED RIGHTS") subject to LICENSEE'S obligations under state and federal law, including, but not limited to federal export control laws.

3.2 In granting this exclusive license, UNIVERSITY represents to LICENSEE that no rights hereby licensed have been or must or shall be granted to any third party, governmental entity or international organization by federal 01 state law or regulation or by any agreement to which UNIVERSITY is a party; and UNIVERSITY has no obligations regarding the licensed technology under agreements or otherwise with other sponsors of research.

3.3 The exclusive license granted in **Paragraph 3.1** is subject to a reserved, non-exclusive license in UNIVERSITY to use LICENSED PRODUCT(S) and/or the LICENSED TECHNOLOGY for educational, research and public service purposes including, subject to confidentiality provisions in this Agreement, publication of research results to share PATENT RIGHTS and/or LICENSED TECHNOLOGY with other educational and non-profit institutions for non-commercial, educational and research purposes

3.4 Except only to the extent, if any, necessarily inherent in the manufacture, marketing, sale, lease 01 other[1] transfer, including sublicensing of LICENSED PRODUCT(S) or' the sale, lease or transfer of its rights under the license or the sale of LICENSEE, LICENSEE agrees not to publish, disclose or cause to be published or disclosed to others (in whole or in part), all or any portion of the PATENT RIGHTS and LICENSED TECHNOLOGY without first obtaining written permission of UNIVERSITY, which permission shall not be unreasonably withheld

3.5 As long as Pramode Verma, Ph.. D, or James Sluss, Jr.,, Ph D is employed by UNIVERSITY, it shall be conclusively presumed that any patentable invention conceived of by Pramode Verma, Ph D, or James Sluss, Ph, D was conceived of in his capacity as an employee of UNIVERSITY and shall be promptly disclosed to and exclusively owned by UNIVERSITY regardless of the circumstances surrounding the conception and/or reduction to practice, and shall be subject to this Agreement.

3.6 Prior to entering into this Agreement, LICENSEE and UNIVERSITY entered into a confidentiality agreement attached hereto as Exhibit B and made a part hereof Therein LICENSEE promised to keep certain information confidential in exchange for receiving a disclosure of such information from UNIVERSITY, Pursuant to that agreement, UNIVERSITY has disclosed and will disclose to LICENSEE all information in the possession, custody or control of UNIVERSITY or its agents or attorneys relating to the PATENT RIGHTS. Nothing in this Agreement shall be construed in any way for any reason to void or cancel that prior[1] confidentiality agreement, which remains in full force and effect; provided, that the terms of this Agreement shall control in the event of a conflict between the terms of this Agreement and the terms of the referenced confidentiality agreement,

ARTICLE 4 - SUBLICENSING

4.1 LICENSEE shall have the right to sublicense all or any part of the rights and licenses granted herein for such periods of time as LICENSEE deems in its best interest and sublicensees shall have the right to further sublicense the same, Any sublicense granted by LICENSEE or its sublicensee shall be subject to the terms and conditions of 'this Agreement and shall contain an express provision to that effect, No sublicense shall relieve LICENSEE of any of LICENSEE'S obligations under this Agreement unless UNIVERSITY consents in writing to such release.

4.2 At the time of granting any sublicense, LICENSEE shall provide UNIVERSITY a signed photocopy of LICENSEE'S written agreement with the sublicensee, and LICENSEE promptly shall upon request by UNIVERSITY furnish UNIVERSITY with copies of all accounting and notices between LICENSEE and such sublicensee during the entire life of the sublicense.

4.3 In the event the rights and licenses granted herein are terminated in accordance with this Agreement, LICENSEE immediately shall assign to UNIVERSITY any and all sublicenses and sublicensees immediately shall begin paying all monies or other consideration due LICENSEE under the sublicense to UNIVERSITY upon notice to such sublicensees from UNIVERSITY and LICENSEE shall include a provision to this effect in any sublicense granted by LICENSEE.

4.4 If LICENSEE grants a sublicense to any third party owned, in whole or in part, by LICENSEE, or owned, in whole or in part, by an entity which owns LICENSEE, in whole or in part, then any such sublicense shall be on terms such that UNIVERSITY receives the ROYALTY, as provided in Article 5 below, or the SUBLICENSE ROYALTY, whichever is greater.

ARTICLE 5 - ROYALTIES AND PAYMENT

5.1 Except as set forth in Paragraph 5.5, LICENSEE shall pay, within thirty (30) days of the end of each ACCOUNTING PERIOD in which LICENSEE receives a payment on which a royalty is due during each license year this Agreement is in effect, to UNIVERSITY a patent royalty ("ROYALTY") equal to [the parties shall negotiate in good faith the royally in the range between *one-half* and *three]* percent (.5% - 3%) of the NET SELLING PRICE of all LICENSED PRODUCT(S).

5.2 LICENSEE shall pay, within thirty (30) days of the end of each ACCOUNTING PERIOD in which LICENSEE receives a payment on which a royalty is due during each license year this Agreement is in effect, to UNIVERSITY a royalty ("SUBLICENSE ROYALTY") equal to [the patties shall negotiate in good faith the royalty in the range between *twenty-five and fifty]* percent (25% - 50%) of LICENSEE'S GROSS RECEIPTS from the sale, lease or other transfer by LICENSEE'S sublicensee of LICENSED PRODUCT(S) during the first two years of the sublicense and thereafter equal to [the paities shall negotiate in good faith the royalty in the range between *twenty* and *twenty-five]* percent (20% - 25%) of LICENSEE'S GROSS RECEIPTS from the sale, lease or other transfer by LICENSEE'S sublicensee of LICENSED PRODUCT(S); provided that, LICENSEE shall not pay both a ROYALTY and a SUBLICENSEE ROYALTY from the sale, lease or other transfer of the same LICENSED PRODUCT.

5.3 In the event the sum of all ROYALTIES plus all expenses paid by LICENSEE under Paragraph 10,2 hereof during any year of the term of this License does not equal Two Thousand, Five Hundred Dollars ($2,500), LICENSEE shall, within thirty (30) days following the end of such license year, pay to UNIVERSITY an amount which is the difference between the amounts paid by LICENSEE and Two Thousand, Five Hundred Dollars ($2,500) The first "license year" shall commence on the EFFECTIVE DATE and conclude on the fist anniversary of the EFFECTIVE DATE.

5.4 In the event that, (a) once LICENSED PRODUCT(S) have been produced and sold, leased or otherwise transferred for value by or for LICENSEE or one or more SUBLICENSEES for a continuous period of not less than two years; and (b) the sale, lease or other transfer of LICENSED PRODUCT(S) shall cease for a continuous period of not less than twelve consecutive calendar months during the term of this Agreement for reasons under LICENSEE'S direct control; and (c) LICENSEE shall have received consideration in exchange for such cessation: and (d) no royalties other than the minimum annual royalty referenced in paragraph 53 above have been received by UNIVERSITY during such cessation, then LICENSEE shall pay to UNIVERSITY a ROYALTY equal to fifteen percent (15%) of the amount received by LICENSEE in exchange for[1] such cessation in full satisfaction of all obligations of LICENSEE due UNIVERSITY for the balance of the term of this Agreement In the event that, upon the occurrence of the conditions listed in this **Paragraph 5.4**(a) through (d), and while the LICENSED PRODUCT still maintains, in the opinion of LICENSEE, commercial marketability, LICENSEE does not receive any amount of money in exchange for such cessation, then LICENSEE shall pay to UNIVERSITY a ROYALTY equal to $350,000.00 in full satisfaction of all obligations of LICENSEE due UNIVERSITY for the balance of the term of this Agreement.

5.5 Notwithstanding the foregoing, if LICENSEE (and/or appertaining sublicensees, as the case may be) must obtain from any third party any licenses and/or sublicenses for patent rights in order to practice the PATENT RIGHTS or in order to develop, make, have made, use, import, offer for sale, sell, lease, import, export or provide LICENSED PRODUCTS, and/or if any claim is made against LICENSEE and/or its sublicensees alleging that the practice of the PATENT RIGHTS infringes any third party patent, then the ROYALTY payable by LICENSEE and/or its sublicensees under **Paragraph 5.1** (or **Paragraph 5.2**, as the case may be) shall be reduced to an amount determined by multiplying the ROYALTY amount by a fraction, the numerator of which is the ROYALTY payment (prior to any reduction) and the denominator of which is the sum of: (a) the ROYALTY payment (prior to any reduction) and (b) the other royalties and/or payments incurred by LICENSEE and/or sublicensees.

5.6 In the event all issued patents included in PATENT RIGHTS licensed hereunder expire, LICENSEE no longer shall be obligated to pay ROYALTIES Further, if UNIVERSITY does not obtain an issued United States patent containing claims covering aspects of the LICENSED PRODUCT(S) within five (5) years from the EFFECTIVE DATE of this Agreement, then
LICENSEE shall not owe ROYALTIES thereafter to UNTVERSITY unless and until UNTVERSITY receives an issued United States patent containing claims covering the LICENSED PRODUCT(S).

5.7 All payments due hereunder are expressed in and shall be paid in United States of America Currency.

5.8 LICENSEE shall pay simple interest on any amounts not paid when due hereunder at two (2) points above the minimum APR (Applicable Federal Rate) for mid-term loans, as published by the IRS for the month in which the amount was due. Such interest shall be calculated on the unpaid principal balance thereof from the first date on which the payment of such monies was due through the date of actual payment.

ARTICLE 6 - ROYALTY REPORTS

6.1 Upon the first sale, lease or other transfer for consideration of LICENSED PRODUCT(S) by either LICENSEE or any sublicensee (whichever shall occur first), LICENSEE shall promptly provide UNIVERSITY with written notice thereof To enable UNTVERSITY to verify royalty amounts due it pursuant to this Agreement, thereafter, LICENSEE shall render to UNIVERSITY, with each of its royalty payments hereunder, a written report separately setting forth the number of LICENSED PRODUCT(S) sold, leased or otherwise transferred by LICENSEE and any sublicensee, the exchange rates used, and the Net Selling Price billed or invoiced by LICENSEE in connection with the sale, lease or other transfer of any LICENSED PRODUCT(S) during the preceding ACCOUNTING PERIOD and upon which royalty payments are payable as provided in **Article 5** All such reports shall be certified by a knowledgeable officer of LICENSEE to be correct, to the best of the officer's subjective knowledge, If no sales, leases or other transfers for[1] consideration of LICENSED PRODUCTS have been made during any ACCOUNTING PERIOD which commences after the first ROYALTY was paid, then a statement to this effect shall be submitted to UNIVERSITY in accordance with reporting requirements of this Agreement

6.2 LICENSEE shall submit a written report to UNIVERSITY, within twenty (20) days after the date of any termination of this Agreement, stating the number of LICENSED PRODUCT(S) sold, leased or' otherwise transferred by LICENSEE and any sublicensee, the exchange rates used, and the Net Selling Price billed or invoiced by LICENSEE in connection with the sale, lease or other transfer of any LICENSED PRODUCT(S) not previously due or reported to UNIVERSITY.

ARTICLE 7 - ACCOUNTING AND CONFIDENTIALITY OF FINANCIAL RECORDS

7.1 LICENSEE shall utilize its best efforts to maintain accurate records of LICENSED PRODUCTS sold, leased or otherwise transferred hereunder, in a central location, sufficient to enable UNIVERSITY to determine the monies payable to UNIVERSITY by LICENSEE under the terms of this Agreement, Such records shall be retained for at least five (5) years following the ACCOUNTING PERIOD for which said records are required to be made LICENSEE shall make such records available for inspection by UNIVERSITY and/or individuals authorized by UNIVERSITY upon reasonable notice at any reasonable time during normal business hours to the extent necessary for UNIVERSITY to determine payments due under the terms of this AGREEMENT, but not for more than one three week period during any calendar year. LICENSEE shall permit UNIVERSITY or individuals authorized by UNIVERSITY to copy all or portions of such records at UNIVERSITY'S expense

7.2 UNIVERSITY agrees that such records, and the information UNIVERSITY obtains from LICENSEE therefrom or related thereto, are proprietary property of LICENSEE and are confidential, UNIVERSITY agrees that neither it nor its employees or agents shall disclose such records or information to any person or entity for[1] any reason or use such records or information for any purpose other than UNIVERSITY'S determination of the payments due hereunder or as required to be disclosed by operation of law, The violation of the terms of this Article *1,2* shall cause irreparable harm to LICENSEE which harm cannot be remedied by money damages and that LICENSEE shall be entitled to injunctive relief in the event of an alleged breach of this provision without placing a bond or other security and without proving the likelihood of success on the merits of any underlying claim. The covenants of this Article 7,2 shall survive the termination of this Agreement

7.3 In the event such examination discloses a deficiency in the monies paid to UNIVERSITY, LICENSEE immediately shall pay to UNIVERSITY such deficiency, together with interest thereon as provided in this Agreement and, in addition, shall reimburse UNIVERSITY for the reasonable cost of such examination if: (a) such examination and (b) any subsequent examination conducted by LICENSEE both show an underpayment in excess often percent (1 0%) of the amounts actually due for the ACCOUNTING PERIOD in question

7.4 LICENSEE shall pay interest on any amounts payable pursuant to **Paragraph 7.2**, at two (2) points above the minimum APR for mid-term loans, as published by the IRS for the month in which the amount was due, rather than the rate set forth in **Paragraph 5.**7. Such interest shall be calculated from the dates on which the payment of such monies are due through the date of actual payment.

ARTICLE 8 - IMPROVEMENTS

8.1 UNIVERSITY and LICENSEE each shall disclose to the other any IMPROVEMENT (patentable or non-patentable and or copyrightable or non-copyrightable); provided, UNIVERSITY and LICENSEE shall maintain the confidentiality of each other's IMPROVEMENTS that are disclosed in writing, marked "CONFIDENTIAL" and not made public byway of 'a written document

8.2 Subject to Paragraph 8.9, IMPROVEMENTS (patentable and non-patentable and/or copyrightable or non-copyrightable) in the LICENSED PRODUCT and TECHNOLOGY IMPROVEMENTS (patentable and non-patentable and/oi copyrightable or non-copyrightable) made solely by UNIVERSITY shall be owned by UNIVERSITY and shall come under and be subject to the terms of this Agreement with no increase 01 decrease in the royalty rate payable to UNIVERSITY hereunder.

8.3 IMPROVEMENTS (patentable and non-patentable and/or copyrightable or non-copyrightable) in the LICENSED PRODUCT and TECHNOLOGY IMPROVEMENTS (patentable and non-patentable and/or copyrightable or non-copyrightable) made solely by LICENSEE, or by LICENSEE jointly with others not including UNIVERSITY, shall be owned by LICENSEE and shall not come under or be subject to the terms of this Agreement and no royalty or fee shall payable to UNIVERSITY in connection therewith.

8.4 IMPROVEMENTS (patentable and non-patentable and/oi copyrightable or non-copyiightable) in the LICENSED PRODUCT or TECHNOLOGY IMPROVEMENTS (patentable and non-patentable and/or copyrightable or non-copyrightable) made by UNIVERSITY and LICENSEE jointly shall be owned by UNIVERSITY and LICENSEE jointly and shall come under and be subject to the terms of this Agreement with no increase or decrease in the royalty rates payable to UNIVERSITY hereunder, Not less than thirty (30) days before UNIVERSITY engages, or enters a contract to engage, in research or product development in the Field alone or with persons or entities other than LICENSEE during the term of this Agreement and for a period of three years thereafter, UNIVERSITY shall notify LICENSEE of the proposed research, product development or contact and LICENSEE shall have the option to sponsor the research or product development or to enter the contract on terms equivalent to those offered to the other person or entity. In the event an IMPROVEMENT is developed by UNIVERSITY, alone or with others, during the term of this Agreement and for a period of three year's thereafter, LICENSEE shall have the option to license the same under the terms of this Agreement.

8.5 UNIVERSITY may or may not file any patent application(s) in the United States Patent and Trademark Office and/or in any foreign country covering any aspect of any UNIVERSITY IMPROVEMENT and/or any TECHNOLOGY IMPROVEMENT made by UNIVERSITY in the sole and exclusive discretion of UNIVERSITY and at UNIVERSITY'S expense; provided that LICENSEE shall have the option to file any patent application(s) in the United States Patent and Trademark Office and/or in any foreign country relating thereto, if UNIVERSITY elects not to so file, and UNIVERSITY shall cooperate fully in LICENSEE'S application process. UNIVERSITY shall own and shall have full control over the filing, prosecution, issuance and/or maintenance of any and all UNIVERSITY IMPROVEMENT patent applications regardless of who pays the expenses; provided that LICENSEE shall have the option to perform any such services in the event UNIVERSITY fails or neglects to do so.

8.6 LICENSEE may or may not file any patent application in the United States Patent and Trademark Office and/or[1] in any foreign country covering any aspect of any LICENSEE IMPROVEMENT in the sole and exclusive discretion of LICENSEE and at LICENSEE'S expense LICENSEE shall own and shall have full control over the filing, prosecution, issuance and/or maintenance of any and all LICENSEE IMPROVEMENT patent applications.

8.7 UNIVERSITY and LICENSEE shall confer with respect to the filing of any patent application(s) in the United States Patent and Trademark Office and/or in any foreign country covering any aspect of any IMPROVEMENT and/or any TECHNOLOGY IMPROVEMENT made by LICENSEE and UNIVERSITY jointly and/or any TECHNOLOGY IMPROVEMENT made solely by LICENSEE The party who pays for the filing, prosecution and maintenance of any such IMPROVEMENT patent application shall control the filing, prosecution, issuance and/or maintenance of same.

8.8 UNIVERSITY and LICENSEE each agree to keep the other fully informed with respect to all their respective IMPROVEMENT and/or TECHNOLOGY IMPROVEMENT patent applications, including but not by way of limitation, providing copies (subject to reasonable requirements of confidentiality) of all pertinent documents, and UNIVERSITY and LICENSEE each agree to cooperate with the other in prosecution of any and all such applications.

8.9 In the event LICENSEE employs any employee of UNIVERSITY as an employee of or consultant to LICENSEE from time-to-time, any IMPROVEMENT and/or any TECHNOLOGY IMPROVEMENT made by such UNIVERSITY employee, alone or with others, in his capacity as a consultant to or employee of LICENSEE, shall be exclusively owned by UNIVERSITY regardless of the circumstances surrounding the conception and/or reduction to practice and such IMPROVEMENTS shall come under and be subject to the terms of this Agreement without any increase or[1] decrease in royalty rates payable to UNIVERSITY hereunder.

ARTICLE 9-DUE DILIGENCE

9.1 LICENSEE agrees to conduct a thorough, vigorous and diligent program to commercially exploit the PATENT RIGHTS and LICENSED TECHNOLOGY so that public use shall result therefrom. Accordingly, LICENSEE shall exercise its best efforts to effect introduction and acceptance of LICENSED PRODUCT(S) into the commercial market as soon as commercially reasonable.

ARTICLE 10 - PROSECUTION AND MAINTENANCE OF PATENTS

10.1 UNIVERSITY shall apply for, prosecute, maintain, and own all PATENT RIGHTS in the United States and foreign countries; provided however, LICENSEE shall have reasonable opportunities to designate countries in which it desires UNIVERSITY to file, at LICENSEE'S expense, patent applications and to otherwise advise UNIVERSITY. UNIVERSITY may file any patent application not so designated by LICENSEE, at UNIVERSITY'S expense and LICENSEE shall have the option to reimburse UNIVERSITY for such expense and shall thereupon have the rights and obligations with respect thereto as are set forth in this Agreement, LICENSEE shall cooperate with UNIVERSITY in applying for, prosecuting and maintaining said PATENT RIGHTS and UNIVERSITY shall inform LICENSEE thereabout in a timely manner

10.2 Except for those applications and/or inventions which LICENSEE elects not to file or pay for and UNIVERSITY elects to file and pay for as set forth in **Paragraph 9.1**, LICENSEE shall pay all fees and expenses, including without limitation attorney fees, incurred by UNIVERSITY in connection with the filing, prosecution, issuance and/or maintenance of any United States or foreign patent applications included in the PATENT RIGHTS, whether such fees and costs were incurred before or after the EFFECTIVE DATE of this Agreement. Upon execution of this Agreement, LICENSEE shall reimburse UNIVERSITY for all reasonable expenses UNIVERSITY has incurred for the preparation, filing, prosecution and maintenance of PATENT RIGHTS, Thereafter, UNIVERSITY shall submit an invoice to LICENSEE documenting the patent-related costs incurred but unpaid to date in each such invoice LICENSEE shall be pay such invoice within thirty (30) days of receipt. All applications for which LICENSEE pays all part of the related expenses shall additionally come under this license agreement.

ARTICLE 11 - PROSECUTION OF INFRINGERS AND DEFENSE OF ACTIONS

11.1 Except as set forth in Paragraph 10,1.2, with respect to any PATENT RIGHTS that are licensed to LICENSEE pursuant to this Agreement, LICENSEE shall have the right to prosecute in its own name and at its own expense any infringement of such patent Both parties agree to promptly notify the other of each infringement of such patents of which a party is or becomes aware. Before LICENSEE commences an action with respect to any infringement of such patents, LICENSEE shall seek and consider[1] the views of UNIVERSITY.

11.1.1 If LICENSEE elects to commence an action as described above, UNIVERSITY may, at its sole and exclusive discretion, elect but is not required to join as a party in that action Regardless of whether UNIVERSITY elects to join as a party, UNIVERSITY shall reasonably cooperate with LICENSEE in connection with any such action.

11.1.2 If UNIVERSITY elects to pay one-half of the costs of prosecuting or defending the action, including without limitation the reasonable attorneys' fees incurred, therein by LICENSEE, whether or not UNIVERSITY is joined as a party, UNIVERSITY may jointly control the action with LICENSEE.

11.2 If LICENSEE elects to prosecute or defend an action as described above, and UNIVERSITY does not pay its one-half share of the costs, including attorneys' fees, LICENSEE may deduct from its royalty payments to UNIVERSITY with respect to the patent(s) subject to suit, 50% of LICENSEE'S reasonable, documented, out-of-pocket expenses and costs of such action, including reasonable attorneys' fees paid to outside counsel. If LICENSEE'S expenses and costs exceed the amount of royalties deducted by LICENSEE for the particular calendar year in question, LICENSEE may to that extent reduce the royalties due to UNIVERSITY from LICENSEE in' succeeding calendar years LICENSEE may so deduct until LICENSEE shall have recovered its reasonable, documented, out-of-pocket expenses and costs of such action, including reasonable attorneys' fees paid to outside counsel.

11.3 No settlement, consent judgment or other voluntary final disposition of the suit which results in a judgment against UNIVERSITY may be entered without the prior written consent of UNIVERSITY, which consent shall not be unreasonably withheld.

11.4 Recoveries or reimbursements from actions referenced in this **Article 10** shall first be applied to reimburse LICENSEE and then UNIVERSITY for their litigation costs not deducted from loyalties and then to reimburse UNIVERSITY for royalties deducted by LICENSEE pursuant to Paragraph 10,2 Any remaining recoveries 01 reimbursements, including without limitation any enhanced damages awarded by the courts, shall be shared equally by LICENSEE and UNIVERSITY.

11.5 If LICENSEE elects not to exercise its right to prosecute an infringement of the PATENT RIGHTS pursuant to this Article 10, IJNIVERSITY may do so at its own expense, controlling such action and any recoveries or reimbursements shall be applied in accordance with **Paragraph 10.4**, except that UNIVERSITY shall be reimbursed first and LICENSEE second LICENSEE shall cooperate fully with UNIVERSITY in connection with any such action.

11.6 If a declaratory judgment action is brought naming LICENSEE as a defendant and alleging invalidity of any of the PATENT RIGHTS, UNIVERSITY may elect but is not required to take over the sole defense of the action at its own expense. LICENSEE shall cooperate fully with UNIVERSITY in connection with any such action,

11.7 If LICENSEE commences an action and UNIVERSITY is a legally indispensable party, UNIVERSITY shall have the right to irrevocably assign to LICENSEE all of UNIVERSITY'S right, title and interest in each patent/patent application covering aspects of the LICENSED PRODUCTS owned by UNIVERSITY and the subject of such action (subject to obligations to the government and others having rights in such patent/patent application). Upon such assignment, any action by LICENSEE on that patent/patent application shall thereafter be brought or continue without UNIVERSITY as a party, Notwithstanding any such assignment and regardless of its status as an indispensable party, UNIVERSITY shall cooperate with LICENSEE in connection with any such action, Furthermore, if any patent/patent application is assigned to LICENSEE by UNIVERSITY pursuant to this Paragraph 10.7, such assignment shall require LICENSEE to continue to meet all of its obligations under this Agreement as if the assigned patent or patent applications were still licensed to LICENSEE and owned by UNIVERSITY, If this license is terminated thereafter for any reason, then the patent(s) assigned pursuant to this **Paragraph 10.7** shall be assigned to UNIVERSITY by LICENSEE.

ARTICLE 12 - WARRANTY DISCLAIMERS: DISGORGEMENT

12.1 UNIVERSITY MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION:

(a) that the manufacture, use, sale and/or other disposition of LICENSED PRODUCT(S) will be free from infringement of any patents or copyrights owned by third parties; will have any value or will be commercially successful to LICENSEE; will work; will be efficacious; OR THAT THE LICENSED PRODUCT(S) IS MERCHANTABLE OR WILL BE FIT AND/OR BE USEFUL FOR ANY PARTICULAR PURPOSE; or

(b) that any licensed patent is valid, or that the use of PATENT RIGHTS and/or LICENSED TECHNOLOGY in connection with the manufacture, use, sale, offer to sell, import, distribution or other disposal of LICENSED PRODUCT(S) does not infringe upon any patent or other rights not vested in UNIVERSITY.

12.2 Nothing in this Agreement shall be construed as a representation or warranty on the part of UNIVERSITY as to the scope of any PATENT RIGHTS 01 any patent that may issue therefrom.

12.3 UNIVERSITY may furnish information related to the PATENT RIGHTS and/or LICENSED TECHNOLOGY to LICENSEE, but neither UNIVERSITY nor anyone acting on behalf of UNIVERSITY shall be liable for damages arising out of or resulting from anything made available to LICENSEE pursuant to this Agreement or the use thereof UNIVERSITY shall have no responsibility for the ability of LICENSEE to use such information, the quality or performance of the LICENSED PRODUCT(S) produced therefrom by LICENSEE, or its sublicensees, or the claims of third parties arising from the use of such information UNIVERSITY shall have no responsibility for the usefulness of such information, the quality or performance of the LICENSED PRODUCT(S) produced therefiom by LICENSEE, its sublicensees, permitted assignees, or the claims of third parties arising from the use of such information.

12.4 Nothing in this Agreement shall be construed as a representation, warranty or obligation on the part of UNIVERSITY to provide any technical information or assistance of any nature or kind whatsoever for' any reason, except only to the extent as might be specifically provided herein.

12.5 LICENSEE and its sublicensees shall make no statements, representations or warranties whatsoever to any third parties that are inconsistent with the provisions of this **Article 11.5** LICENSEE shall include the terms of this Article 11 in any sublicense granted or permitted assignment made by LICENSEE.

12.6 Despite any term or limitation in this Agreement to the contrary, in the event LICENSEE is ordered by a court or arbitrator to pay damages to any person or entity as a consequence of a successful challenge to a PATENT RIGHT and/or LICENSED TECHNOLOGY and/or LICENSED PRODUCT and such order is not appealed 01 is affirmed, LICENSEE shall be entitled to repayment from UNIVERSITY of the ROYALTIES paid by LICENSEE to UNIVERSITY relating to the sale, lease 01 other transfer of LICENSED PRODUCT(S) or LICENSED TECHNOLOGY using the challenged rights or interests.

ARTICLE 13 - RIGHT TO ENTER

13.1 UNIVERSITY represents that UNIVERSITY has the right and authority to enter into this Agreement; to grant the rights and licenses granted herein; and to bind UNIVERSITY to the teims and obligations set forth herein.

13.2 LICENSEE represents and warrants that LICENSEE has the right and authority to enter into this Agreement; to grant the rights granted herein; and to bind LICENSEE to the terms and obligations set forth herein.

ARTICLE 14 - COMPLIANCE WITH LAWS

14.1 LICENSEE and UNIVERSITY agree to comply with all applicable laws and regulations relating to the performance of their respective obligations hereunder.

14.2 Without narrowing the broad application of Article 13,1, it is understood and acknowledged that the transfer of certain commodities and technical data is subject to United States laws and regulations controlling the export of such commodities and technical data including, without limitation, the International Traffic in Arms Regulations (ITAR) and all Export Administration Regulations of the United States Department of Commerce These laws and regulations, among other things, may prohibit or require a license for' the export of certain types of technical data to certain specified countries, LICENSEE hereby agree and by entering into this Agreement give written assurance it will comply with all United States and foreign laws and regulations controlling the export of commodities and technical data, that it will be solely responsible for any violation of any such laws and regulations by LICENSEE, and that it will indemnify, defend and hold UNIVERSITY harmless from any liability in the event of any legal action of any nature occasioned by such violation.

14.3 UNIVERSITY represents to LICENSEE that the PATENT RIGHTS were not developed, in whole or in part, with federal assistance, and that US, Code, Title 35, Chapter 18, *Patent Rights in Inventions, Made with Federal Assistance*, (as may be amended or supplemented) and related regulations do not apply to the PATENT RIGHTS or other rights licensed by UNIVERSITY hereunder.

ARTICLE 15 - LIABILITY

15.1 Subject to the provisions in Paragraph 11,6, LICENSEE shall indemnify, defend and forever hold UNIVERSITY, its current and former Regents, officers, and employees, harmless from and against liability for any and all claims, demands, damages, losses, costs and expenses (e g.., attorneys' fees), fines, penalties and judgments of any kind or nature whatsoever (collectively "Damages"), including without limitation, Damages for bodily injury, death, personal injury, illness, property damage and/or products liability directly or indirectly arising out of, resulting from or in any way connected with (i) the non-UNIVERSITY use of LICENSED PRODUCT(S) and/or PATENT RIGHTS and/or LICENSED TECHNOLOGY, (ii) the non-UNIVERSITY development, manufacture, sale, offer to sell, import, distribution, sublicensing, transfer or other disposition, advertising and promotion of LICENSED PRODUCT(S) and/or PATENT RIGHTS and/or LICENSED TECHNOLOGY, (iii) the non-UNIVERSITY operation of LICENSEE'S business and/or otherwise relating to LICENSEE'S performance under this Agreement or that of its customers, distributors, sublicensees, or other transferees, and (iv) any breach of any obligation, covenant, representation and/or warranty of LICENSEE hereunder, LICENSEE shall promptly notify UNIVERSITY of any such claim,

15.2 The liability of UNIVERSITY for breach of this Agreement shall not, in the aggregate, exceed LICENSEE' S payments under this Agreement.

15.3 LICENSEE shall insert into all of its sublicenses, provisions making this Article 14 expressly applicable to its sublicensees.

15.4 TO THE EXTENT PERMITTED BY STATE LAW, NEITHER UNIVERSITY NOR LICENSEE OR ANY SUBLICENSEE SHALL BE LIABLE TO THE OTHER PARTY FOR INDIRECT, SPECIAL, INCIDENTAL AND/OR CONSEQUENTIAL DAMAGES, WHETHER ARISING IN TOP.T, CONTRACT, PRODUCT LIABILITY, BREACH OF STATUTORY DUTY OR OTHERWISE, UNDER ANY CIRCUMSTANCES EVEN IF ONE PARTY HAS NOTIFIED THE OTHER PARTY OF THE POSSIBILITY OF ANY SUCH DAMAGES.

ARTICLE 16 - INSURANCE

16.1 Without limiting LICENSEE'S indemnity obligations under, Paragraph 14.1, LICENSEE shall purchase and maintain in effect commercial general liability insurance in amounts not less than One Million Dollars ($1,000,000.00) per incident and Three Million Dollars ($3,000,000.00) annual aggregate and naming the UNIVERSITY as an additional insured, Such insurance shall provide (i) product liability coverage coveting all claims with respect to LICENSED PRODUCT(S) and (ii) broad form contractual liability coverage for LICENSEE'S indemnification under this Agreement Such policy(s) shall be written by such company(s) as UNTVERSITY shall approve and shall be licensed to do business in Oklahoma, Any carrier' providing coverage shall have a minimum "Best" rating of "A-, VII."

16.2 LICENSEE shall furnish a certificate of such insurance to UNIVERSITY on or before the date of first sale, lease or other transfer of LICENSED PRODUCT(S) (and annually thereafter) Certificates must: provide for thirty (30) days' advance written notice to UNIVERSITY of any cancellation, non-renewal or material change in such insurance; state that IMTVERSITY has been endorsed as an additional Insured under the policy(s); and include a provision that the coverage will be primary to and will not participate with, nor will be excess over any valid and collectable insurance or program of self-insurance carried or maintained by UNIVERSITY., Upon request by IJNIVERSITY, LICENSEE shall provide a full and complete copy of any and all insurance policies required under this Agreement and/or a certified accounting of any and all claims made and/or paid against each and all such policies of insurance.

16.3 LICENSEE shall maintain such commercial general liability insurance during the period that any product, process, or service, relating to or developed pursuant to this Agreement is being sold, leased or otherwise transferred by LICENSEE 01 by a sublicensee and for a reasonable period of time thereafter which in no event shall be less than five (5) years.

ARTICLE 17 - PUBLICATION

Subject to confidentiality provisions and except to the extent LICENSEE is required by securities laws to make certain disclosures, UNIVERSITY and LICENSEE shall each have the right at its discretion to release non-proprietary information or to publish any material resulting from the Project., The party proposing to publish will furnish a copy of any proposed publication to the other party for its review at least thirty (30) days in advance of submission for publication UNIVERSITY shall not publish any material or information designated by LICENSEE, in its sole discretion, as confidential or proprietary Publication of specific results maybe delayed for a limited period, not to exceed sixty (60) days, to protect any patentable subject matter and remove LICENSEE Proprietary Information contained in the publication No unreasonable delay shall be imposed on the filing, defense or publication of any student thesis or dissertation. UNIVERSITY shall give LICENSEE the option of being acknowledged in such publication for its sponsorship of the Project.

ARTICLE 18 - USE OF NAMES AND LOGOS

Each party specifically agrees that no public use of whatever nature will be made of the name, employees, trademarks, or any logo of the other party without the express, prior written permission of such party, such permission to be given or withheld in the sole and exclusive discretion of the such party.

ARTICLE 19 - TERMINATION

19.1 This LICENSE may be terminated at any time by mutual written agreement of the parties.

19.2 hi the event of default of this LICENSE or any other agreement between the parties, the nondefaulting party may terminate this Agreement as follows:

(a) The nondefaulting party shall give the defaulting party notice that sets forth a detailed statement of the default.

(b) The defaulting party shall have a cure period of thirty (30) days from the effective date of notice in which to cute the default.

(c) If the default is not cured within the cure period, the nondefaulting party may terminate the rights and licenses granted in this Agreement and/or terminate any other agreement between the nondefaulting party and the defaulting party by sending notice of termination to the defaulting party.

19.3 Termination of the rights and licenses granted in this Agreement for any cause shall not release LICENSEE from the obligation to pay ROYALTIES on monies received by LICENSEE on or before the date of termination.

19.4 In the event the rights and licenses granted to LICENSEE by the terms of this Agreement are terminated for any reason , LICENSEE shall execute any and all instruments the UNIVERSITY deems necessary and desirable, if any, to re-vest said rights and licenses in UNTVERS1TY Furthermore, LICENSEE immediately shall cease making, using, selling or otherwise disposing of any product or service based on, in whole or in part, or incorporating, in whole or in part, or using, in whole or in part, any PATENT RIGHTS or LICENSED TECHNOLOGY, including without limitation products or services based on LICENSED PRODUCTS, and LICENSEE immediately shall cease making, using, selling or otherwise disposing of any LICENSED PRODUCT(S) In the event the termination is disputed by LICENSEE, then the actions called for in this Paragraph 19.4 shall not be required unless and until the dispute is resolved in favour of UNIVERSITY by the parties.

19.5 The termination of this Agreement and/or the termination of the rights and licenses granted in this Agreement or words of similar import means only that the rights and licenses granted in **Article 3** (Grant and Disclosure), **Article 4** (Sublicensing), and the provisions of Article 10 (Prosecution and Maintenance of Patents) are terminated, and all other provisions of this Agreement shall survive any such termination; provided, the provisions of **Article 5** (Royalties and Payment), **Article 6** (Royalty Reports) and **Article 7** (Accounting) shall survive only with respect to any monies or' other consideration accrued or accruable prior to termination and reports required thereby; and provided further and as set forth therein, the provisions of **Article 8** shall survive only to the extent necessary: (i) to effect LICENSEE'S disclosure and confidentiality requirements under **Paragraphs 8.1** and **8.8**; (ii) to effect joint ownership in IMPROVEMENTS made by LICENSEE and UNIVERSITY jointly and to preserve the options and rights granted LICENSEE under Paragraph 8.4 prior to or after termination; (iii) to effect ownership in UNIVERSITY in TECHNOLOGY IMPROVEMENTS made by LICENSEE and UNIVERSITY jointly under **Paragraph 8.5** prior to or after termination as provided in that section; and, (iv) to effect the rights and licenses in UNIVERSITY to LICENSEE IMPROVEMENTS pursuant to and as provided in **Paragraph 8.7**.

ARTICLE 20 - MARKING

LICENSEE agrees to mark all LICENSED PRODUCT(S) sold or otherwise disposed of by it under the license granted in this Agreement with the word "Patent No. __ " if patent(s) has/have issued and "Patent Pending" during the period of pending claims and to so require its sublicensees.

ARTICLE 21 - NOTICES

21.1 All notices, requests, demands and other communications required or permitted to be delivered hereunder shall be in writing, Such notices, requests, demands and other communications shall be deemed to have been given three business days after being deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, addressed as follows:

UNIVERSITY: Office of Technology Development
The University of Oklahoma One
Partners Place, Suite 1510 350
David L Boren Blvd Norman,
OK 73072-7264 (405) 325-3800

with a copy to

LICENSEE:

Matin Keating
3DICON Corporation
P., O,. Box 470941
Tulsa, OK 74147-0941
(918) 492-5082
mkauthor @aol.com

with a copy to:

John MO' Connoi
15 W, 6th Street Suite 2700
Tulsa, OK 74119
Fax no,: (918)587-0102
joconnor@newtonoconnor.com,

21.2 Written notice shall be effective as of the date of receipt, if a business day, or otherwise on the next business day thereafter, Further, either party may change its address for notice by giving the other party written notice of the new address

ARTICLE 22 - GENERAL MATTERS

22.1 **Choice of Law.** THE CONSTRUCTION, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF OKLAHOMA.

22.2 **Injunctive Relief**. ANY LAWSUIT OR REQUEST FOR IN.TUNCTIVE RELIEF IN CONNECTION WITH THIS AGREEMENT SHALL BE FILED IN A COURT OF COMPETENT JURISDICTION IN THE STATE OF OKLAHOMA, TO WHICH JURISDICTION AND VENUE THE PARTIES EXPRESSLY AGREE.

22.3 The parties agree that this Agreement shall be binding upon their respective successors, assigns or transferees of any and every nature, if assignment and/or transfer is permitted by the e specific terms of this Agreement.

22.4 If any part of this Agreement is ever ruled to be invalid, illegal, or unenforceable by a court or ther body of competent jurisdiction, the remainder of this Agreement shall continue in full force and effect and shall be deemed modified to the minimum extent necessary to make it enforceable; Provided however:

(a) The effect of the ruling in question shall be strictly limited to the jurisdiction of the body making the ruling; and,

(b) If the ruling in question is subsequently overruled or obviated by Legislative, judicial or other action, the severed provision(s) of this Agreement shall be returned to furl force and effectiveness

22.5 **Entire Agreement**. This Agreement, along with the SRAs and the confidentiality agreement referenced in **Paragraph 3.6**, constitute the entire agreement of the parties with respect to the subject matter hereof and replaces and supersedes all prior agreements, understandings and negotiations of the parties, whether written or oral. The parties each represent that no promises, representations or inducements have been made by the other party with respect to the subject matter of this Agreement except as specifically and expressly set forth herein or in the SRAs or the confidentiality agreement. This Agreement may not be changed, altered, modified or amended except by an agreement in writing identified as an amendment hereto and signed by LICENSEE and UNIVERSITY.

22.6 **Waiver**. No waiver shall be deemed to be made by any party of any right under this Agreement unless the waiver is in writing signed by that party. Each waiver, if any, shall be a waiver only with respect to the specific instance involved. No waiver shall impair the rights of the waiving party or the obligations of the other party in any other respect at any other time.

22.7 **Execution**. The terms of this Agreement shall be binding upon either of the parties until it has been properly executed on behalf of each party to the Agreement in the spaces provided below. It is then effective as of the EFFECTIVE DATE. This Agreement may be executed in several counterparts, each of which shall be deemed the original, but all of which shall constitute one and the same instrument. Further, the parties may sign a telefaxed copy of this Agreement and any such telefaxed copy shall be deemed to be an original and no objection shall be made to the introduction into evidence of any telefaxed copy on the grounds related to the telefaxed copy not being an original. Executed originals shall be forwarded to the other parties promptly.

22.8 **No Partnership, Joint Venture or Agency**. Nothing in this Agreement shall be construed to make either party the legal representative, agent, partner or joint venturer of the other party, nor shall either party have the right or authority to assume, create or incur any liability or any obligation of any kind, either express or implied, in the name of or on behalf of the other party.

22.9 **Attorneys' Fees and Costs**. In the event an action is brought by a party to this Agreement seeking to enforce any provision hereof, the prevailing party in such action shall be entitled to recover its reasonable attorneys' fees and costs, including fees paid to expert witnesses, from the other party in such action.

WHEREFOR, the parties have signed this Agreement as provided below.

THE BOARD OF REGENTS OF THE UNIVERSITY OF OKLAHOMA	LICENSEE
By: _____	By: _____
W. Arthur Porter, Ph.D., University Vice President for Technology Development	Name: _____
	Title: _____
Date: _____	Date: _____

ADDENDUM

Dr _____ acknowledges that he/she has been given a copy of the foregoing Agreement, has read and understands it and that he/she desires the UNIVERSITY to enter into said Agreement. Dr., _____ acknowledges his/her duties to abet the transfer of the LICENSED TECHNOLOGY to LICENSEE and agrees to co-operate and do all things reasonably necessary to effect the purposes for which this Agreement was entered into between the parties.

ACKNOWLEDGED AND AGREED:

By: _____ By: _____

Date: Date:

EXHIBIT A

LICENSED PATENT RIGHTS

EXHIBIT B

CONFIDENTIALITY AGREEMENT

This Agreement is entered into by and between _____ , maintaining its corporate office at _____ , referred to as ("COMPANY"), and the Board of Regents of the University of Oklahoma by and through The Office of Technology Development, maintaining its office at 660 Parrington Oval, Evans Hall, Room 201, Norman, Oklahoma, 73019-0628, referred to as ("UNTVERSITY"), effective on the date when executed by the last patty hereto to sign below.

WTTNESSETH

WHEREAS, UNIVERSITY possesses certain valuable and confidential information and data relating to _____ ("INFORMATION"); and

WHEREAS, such INFORMATION is considered by UNIVERSITY to be confidential and to constitute a valuable asset; and

WHEREAS, UNIVERSITY is willing to disclose such information to COMPANY for the purpose of evaluating said INFORMATION to determine *its* interest in licensing said INFORMATION,

NOWTHEREFORE, the parties agree as follows:

1. After execution of this Agreement, UNIVERSITY shall disclose to COMPANY certain INFORMATION and COMPANY shall accept and hold such INFORMATION in confidence for five (5) years from the effective date of this Agreement. All INFORMATION shall be labeled "CGNFIDENTIAL", or if communicated orally, confirmed in writing within thirty (30) days of such oral communication as being "CONFIDENTIAL."

2. Without prior written consent of UNIVERSITY, COMPANY shall neither disclose to any third party not permit any third party to have access to any INFORMATION nor use such INFORMATION for any purpose other than as set forth in tins Agreement COMPANY shall disclose INFORMATION only to those of' its employees who have a need to know for the purposes stated above and shall require from those employees obligations of confidentiality, non-disclosure and non-use consistent herewith.

3. The aforementioned confidentiality obligations assumed by COMPANY shall not apply to any INFORMATION that COMPANY can clearly demonstrate fells within any of the following categories:

(a) Information which was in the public domain prior to disclosure by the UNIVERSITY or which subsequently conies into the public domain through no Emit of COMPANY, in either case as evidenced by documents which were generally published prior to such disclosure; or,

(b) Information that COMPANY can demonstrate by means of presently existing prior written records to have been already known or within COMPANY'S legitimate possession; or

(c) Information received in good faith by COMPANY from a third party that was lawfully in possession of the information and had the unrestricted light to disclose the same; or,

(d) Information that COMPANY can demonstrate by means of written records to have been independently developed by the COMPANY without the aid, application or use of the UNIVERSITY'S confidential information by person(s) who have not had access to the UNIVERSITY'S confidential

(e) Information that is required to be disclosed by operation of law.

4. For purposes of keeping INFORMATION confidential, COMPANY shall use efforts at least commensurate with those employed by COMPANY for the protection of its own confidential information.

5. UNIVERSITY does not make any representation or warranty regarding the accuracy or completeness of the INFORMATION.

6. Except as specifically provided in tins Agreement, no license or any oilier right to use the INFORMATION is granted,. The disclosure of INFORMATION by UNIVERSITY to COMPANY shall not result in any obligation on the part of either party to enter into any further agreement relating to the INFORMATION or to undertake any other obligation not set forth in a written agreement signed by both parties.

7. INFORMATION furnished by UNIVERSITY to COMPANY shall remain UNIVERSITY'S property unless otherwise agreed as provided herein, and any documents furnished to COMPANY by UNIVERSITY or any excerpts, notes or copies made therefrom containing such INFORMATION shall be promptly returned to UNIVERSITY within one hundred and twenty (120) days from the effective date of this Agreement or within any extension period granted in writing by UNIVERSITY

8. Neither party shall be entitled to assign *its* rights hereunder without the express written consent of the other party.

9. This Agreement contains the entire understanding between the parties with respect to the matters contemplated herein and supersedes all previous written and oral negotiations, commitments, and understandings. This Agreement cannot be altered or otherwise amended except pursuant to an instrument in wilting signed by each of the patties and making reference to this Agreement. This Agreement shall inure to the benefit of and be binding upon the parties and their agents, successors, employees and permitted assigns.

10. A valid waiver of any term or condition of this Agreement must be in writing and shall not be deemed or construed to be a waiver of' such term or condition for the future, or of any subsequent breach.

11. If any court of competent jurisdiction holds any part of this Agreement to be invalid or unenforceable, such holding shall in no way affect the validity of the remainder of this Agreement.

12. A facsimile signature by any party to this Agreement shall be deemed sufficient to indicate acceptance of the terms and obligations of the same.

13. The validity and effect of 'this Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Oklahoma, United States of America, without regard or giving force and effect to the principles of conflicts of laws of Oklahoma or any other state, Any action to interpret or enforce this agreement shall be brought in the District Court for Cleveland County, Oklahoma or the United States District Court for the Western District of Oklahoma, as appropriate.

14. The undersigned warrant and represent that they are duly authorized to execute this Agreement and legally bind their respective parties to its terms and conditions and when fully executed this Agreement constitutes the legal, valid, and binding obligation of me parties.

WHEREFOEE, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

COMPANY		THE BOARD OF REGENTS OF THEUNIVERSITY OF OKLAHOMA
By: . „	_____	By: _____
	Dan G. Davis Executive Director	
Title:	_____: _____	Title: Office of Technology Development
Date:	_____	Date: _____

SPONSORED RESEARCH AGREEMENT FY06-
ORA3-06 MODIFICATION NO, 1

The Sponsored Research Agreement (hereinafter referred to as "SRA Agreement") dated July 15, 2005, between the Board of Regents of the University of Oklahoma, an education agency of the State of Oklahoma, (hereinafter referred to as "University") and 3DICON Corporation, an Oklahoma corporation with principal offices at P O Box 470941, Tulsa, Oklahoma 74147-0941, (hereinafter referred to as "Sponsor") is hereby amended as follows:

SECTION 4. COSTS, BILLINGS AND OTHER SUPPORT

4.1 Unless this Agreement or the Project is terminated before the expiration of the Period of Performance, for the services, reports, and other items to be delivered hereunder Sponsor shall pay University a fixed price in the amount of Four Hundred Fifty-Three Thousand Five Hundred Eighty-Four Dollars and 00/00 cents ($453,584.00) without interest, as follows: upon execution of this contract, Sponsor shall pay University Five Hundred Dollars and 00/00 cents ($500 00); on or before November 10, 2005, Sponsor shall pay University Seventy-Five Thousand and Ninety-Seven Dollars and 33/00 cents ($75,097.33); on or before January 15, 2006, Sponsor shall pay University Seventy-Five Thousand Five Hundred Ninety-Seven Dollars and 33/00 cents ($75,597.33); on or before April 15, 2006, Sponsor shall pay University Seventy-Five Thousand Five Hundred Ninety-Seven Dollars and 33/00 cents ($75,597.33); on or before July 15, 2006, Sponsor shall pay University the balance of Two Hundred Twenty-Six Thousand Seven Hundred Ninety-Two Dollars and 01/00 cents ($226,792.01). The University agrees to incur expenses primarily in accordance with the cost estimate included in Appendix B ("Budget"), which by reference is made a part hereof for all purposes, If Sponsor terminates this Agreement prior to the expiration of the Period of Performance, it shall pay all amounts due and owing the University through the date of termination including all non-cancelable commitments for equipment; provided, that any equipment Sponsor has financed as of the date of termination shall be transferred to Sponsor

SECTION 9. CONFIDENTIALITY

9,1 A separate confidentiality agreement has been executed between the parties and incorporated into this Agreement and attached to this Modification as Exhibit A.

Except as amended by this Modification, all other terms and conditions of the SRA Agreement remain unchanged.

Parties have agreed by mutual consent to the modifications listed above and have so indicated through the execution of this agreement.

3DICON CORPORATION

BY: Martin Keating

TITLE: President

DATE: Nov. 1, 2005

READ AND UNDERSTOOD;

By: James J. Sluss, Jr.

THE BOARD OF REGENTS OF THE UNIVRSITY OF OKLAHOMA

BY: Andrea Deaton

TITLE: Director, Office of Research Services

DATE: 10/27/05

EXHIBIT A
CONFIDENTIALITY AND RESTRICTED USE AGREEMENT

THIS AGREEMENT is entered by the Board of Regents of the University of' Oklahoma, an educational agency of the State of Oklahoma (hereinafter referenced as "University") and 3Dicon Corporation, an Oklahoma corporation with principal offices at P.O Box 470941, Tulsa, Oklahoma 74147-0941 (hereinafter referenced as "Sponsor"), to be effective on the date when executed by the last party to sign this Agreement.

WITNESSETH:

WHEREAS, the Parties possess certain valuable and confidential information, data, knowledge, know-how, practices, processes, and other information relating to the Project referenced in Section 15 of the SRA Agreement entered by the parties to be effective on September 29, 2005, (hereinafter collectively referenced as "INFORMATION"); and

WHEREAS, such INFORMATION is considered by the Parties to be confidential and to constitute valuable assets; and

WHEREAS, the Parties are willing to disclose such INFORMATION to each other for the purpose of allowing the parties to perform their respective obligations and exercise their rights under said SRA Agreement.

NOW THEREFORE, the Parties agree as follows:

1. After execution of this Agreement, the Parties shall mutually disclose to each other certain INFORMATION and the Parties shall accept and hold such INFORMATION in the strictest confidence All INFORMATION shall be labelled "CONFIDENTIAL", or if communicated orally, confirmed in writing within thirty (30) days of such oral communication as being "CONFIDENTIAL."

2. Without prior written consent, the Parties shall neither disclose to any third party nor permit any thud party to have access to any INFORMATION, nor use such INFORMATION for any purpose other than as set forth in this Agreement or in the SRA Agreement.

3. Each Party shall disclose INFORMATION only to those of its employees who have a need to know for the purposes stated above and shall require from those employees written agreements of confidentiality, non-disclosure and non-use consistent herewith, Such agreements shall be available for inspection by the other party upon request. The agreements shall expressly provide that the restrictions therein remain in effect even after the cessation of the employee's employment with one of the parties.

4. The aforementioned confidentiality obligations assumed by the Parties shall not apply to any INFORMATION that the Parties can clearly demonstrate falls within any of the following categories:

   (a) Information which was in the public domain prior to disclosure by the Parties, as evidenced by documents which were generally published prior to such disclosure; or,

   (b) Information that a party can demonstrate by means of written records generated before the parties commenced negotiations of the first SRA executed by them was already known by the party; or

   (c) Information that the Patties can demonstrate by means of written records to have been independently developed by the Parties without the aid, application or use of the Parties' confidential information, by person(s) who have not had access to the Parties' confidential information; or

   (d) Information that is required to be disclosed by operation of law

5. For purposes of keeping INFORMATION confidential, the Parties shall use efforts at least commensurate with those employed by the Parties for the protection of their own confidential and highly valuable information,

6. The Parties do not make any representation or warranty regarding the accuracy or completeness of the INFORMATION

7. Except as specifically provided in this Agreement, no license or any other right to use the INFORMATION is granted The disclosure of INFORMATION by the Parties to each other shall not result in any obligation on the part of either party to enter into any further agreement relating to the INFORMATION or to undertake any other obligation not set forth in a written agreement signed by both parties

8. INFORMATION furnished by the Parties to each other shall remain the property of the party providing the information unless otherwise agreed as provided herein, and any documents furnished by the Patties to each other or any excerpts, notes or copies made therefrom containing such INFORMATION shall be promptly returned to the party providing the excerpts, notes or copies made therefrom, within thirty days from the date of the requested return of such INFORMATION by the party which provided the same or within any extension period granted in writing by the Parties..

9. Neither party shall be entitled to assign its rights or obligations hereunder without the express written consent of the other party,

10. Sponsor has agreed to comply with the export control laws and regulations of the United States of America in accordance with Section 11.8 of the SRA Agreement University additionally agrees to comply with the provisions of Section 11.8 of the SRA Agreement. Disclosing Party shall provide the Receiving Party with sufficient and appropriate information (including export control classification number (ECCNs)) to allow the Receiving Party to properly comply with the regulations,

11 This Agreement contains the entire understanding between the parties with respect to the matters contemplated herein and supersedes all previous written and oral negotiations, commitments, and understandings This Agreement cannot be altered or otherwise amended except pursuant to an instrument in writing signed by each of the patties and making reference to this Agreement. This Agreement shall inure to the benefit of and be binding upon the parties and their agents, successors, employees and permitted assigns

12 A valid waiver of any term or condition of this Agreement must be in writing and shall not be deemed or construed to be a waiver of such term or condition for the future, or of any subsequent breach.

13 If any court of competent jurisdiction holds any part of this Agreement to be invalid or unenforceable, such holding shall in no way affect the validity of the remainder of this Agreement.

14 A facsimile signature by any party to this Agreement shall be deemed sufficient to indicate acceptance of' the terms and obligations of' the same.

15 The validity and effect of this Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Oklahoma, United States of America, without regard or giving force and effect to the principles of conflicts of laws of Oklahoma or any other state. Any action to interpret or enforce this agreement shall be brought in Oklahoma,

16 The undersigned warrant and represent that they are duly authorized to execute this Agreement and legally bind their respective parties to its terms and conditions and when fully executed this Agreement constitutes the legal, valid, and binding obligation of the parties

WHEREPORE, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

3DICON
CORPORATION

By: Martin Keating

Title: PRESIDENT

Date: **Nov. 1, 2005**

THE BOARD OF REGENTS OF THE
UNIVERSITY OF OKLAHOMA

By: Dan G. Davis

Executive Director, Office
of Technology Development
Date: 10/12/05

SPONSORED RESEARCH AGREEMENT FY06-ORA3-06
MODIFICATION NO. 2

For Valuable Consideration, the receipt and sufficiency of which are acknowledged by the parties, the Sponsored Research Agreement (hereinafter referred to as "SRA Agreement") dated July 15, 2005, between the Board of Regents of the University of Oklahoma, an education agency of the State of Oklahoma, (hereinafter referred to as "University") and 3DICON Corporation, an Oklahoma corporation with principal offices at P O Box 470941, Tulsa, Oklahoma 74147-0941, (hereinafter referred to as "Sponsor"), as amended by Modification No 1, is hereby further amended as follows:

SECTION 3. PERIOD OF PERFORMANCE

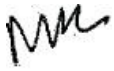
3.1 The Period of Performance will be: July 15, 2005 through March 31, 2007.

SECTION 4. COSTS, BILLINGS AND OTHER SUPPORT

4.1 Unless this Agreement or the Project is terminated before the expiration of the Period of Performance, for the services, reports, and other items to be delivered hereunder Sponsor shall pay University a fixed price in the amount of **Five Hundred Seventy-Eight Thousand Eight Hundred Forty-Three Dollars and 00/00 cents** ($578,843.00) without interest, as follows: upon execution of this contract, Sponsor shall pay University Five Hundred Dollars and 00/00 cents ($500.00); on or before November 10, 2005, Sponsor shall pay University Seventy-Five Thousand and Ninety-Seven Dollars and 33/00 cents ($75,097.33); on or before January 15, 2006, Sponsor shall pay University Seventy-Five Thousand Five Hundred Ninety-Seven Dollars and 33/00 cents ($75,597.33); on or before April 15, 2006, Sponsor shall pay University Seventy-Five Thousand Five Hundred Ninety-Seven Dollars and 3.3/00 cents ($75,597.33); and on or before each of the following dates: December 31, 2006, January .31, 2007, February 28, 2007 and March 31, 2007, Sponsor shall pay University the sum of Eighty-Eight Thousand Twelve Dollars and 76/100 cents ($88,012.76), University agrees to incur expenses primarily in accordance with the cost estimate included in **First Supplement to Appendix B** ("Budget"), a copy of which is attached to this Modification No, 2, which by reference is made a part hereof for all purposes. If Sponsor terminates this Agreement prior to the expiration of the Period of Performance, it shall pay all amounts due and owing the University through the date of termination including all non-cancel able commitments for equipment; provided, that any equipment Sponsor has financed as of the date of termination shall be transferred to Sponsor

Appendix A is amended to add the terms and provisions attached to this Modification No. 2 and identified as "First Supplement to Appendix A".

Except as amended by this Modification and by Modification No, 1, all other terms and conditions of the SRA Agreement remain unchanged.



Parties have agreed by mutual consent to the modifications listed above and have so indicated through the execution of this agreement.

3DICON CORPORATION

BY: Martin Keating
MARTIN KEATING
TITLE: PRESIDENT
DATE: NOVEMBER 1, 2006

THE BOARD OF REGENTS OF THE UNIVERSITY OF OKLAHOMA

BY: Andrea Deaton, CRA
Executive Director

TITLE: Services

DATE: 12/06

READ AND UNDERSTOOD:

By: James J. Shaw, Jr.

First Supplement to Appendix A.

Investigation of 3-Bimensional Display Technologies

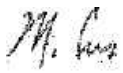
A Proposal for Supplemental Funds to:

3D Icon Corporation Attn; Martin Keating
P.O. Box 470941
Tulsa, OK 74147-0941
Phone: 918-492-5082
FAX: 918-492-5367

Submitted by:

James J, Sluss, Jr., Pramode K, Verma and Monte P.. Tull
School of Electrical & Compute: Engineering
University of Oklahoma

August 30, 2006



Proposal for Supplemental Funds

Project Title; Investigation of 3 -Dimensional Display Technologies

Sponsor: 3DIcon Corporation

OU Projects: 125573300

Project Period: 7/15/05-I/14/07

Supplement: 9/1/06-1/14/07

Summary

OU is currently pursuing research under an established Sponsored Research Agreement with 3DIcon Corporation in the area of 3-dimensional display technologies, The goals of this research ate: to produce patentable and/or copyrightable intellectual property; to produce proof- of-concept technology that demonstrates the viability of the intellectual property; and, to assess opportunities for manufacturing technological products in Oklahoma. To date, three provisional patent applications have been submitted as a result of the research, as well as the preparation of a full utility patent application that is near to submission.

With the consent and direction of the sponsor, the OU team has begun to pursue the development of fluorescent nanoparticles by engaging with Dr. Gerard Newman and Dr Martina Dreyer of 'the School of Chemical, Biological, and Materials Engineering Early laboratory results on the synthesis of these new nanopaiticles are encouraging However, supplemental funds are required to support the ongoing participation of our new research collaborators for both salaries and project materials.

In addition, again with the consent and direction of the sponsor, the OU team has begun the fabrication of two prototype swept-volume displays that are the topic of an invention disclosure filed with the OU Office of Technology Development and of the soon-to-be-filed utility patent application, A portion of the supplemental funds will go toward the support of the prototype fabrication activities.

Budget Justification

The bulk of the budget for this supplemental request goes to support the salaries, fringe and IDC for Dr., Gerard Newman, Dr, Martina Dreyer, and Dr., Hakki Refai, Dr Refai's salary was initially covered by the original project budget, but a portion of budgeted salary funds were reallocated to allow us to bring Dr Dreyer onto the project at the beginning of the summer - thus the need to replenish sufficient funds to see our commitment to Dr. Refai through to the end of 2006. The remaining request of $11,623 for equipment will go toward fabrication of the swept-volume display prototypes,

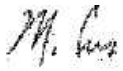
Please note: it is not an improper deduction to reduce an employee's accrued vacation, personal or other forms of paid time off for full or partial day absences for personal reasons, sickness or disability.

(Note to Employer: This should not appear if the employer does not have a bonajlde sickness or disability policy that provides for wage replacement benefits)

To Report Concerns or Obtain More Information

If you have questions about deductions from your pay, please immediately contact Human Resources If you believe you have been subject to any improper deductions or your pay does not accurately reflect your hours worked, you should immediately report the matter to your supervisor, If the supervisor is unavailable or if you believe it would be inappropriate to contact that person (or if you have not received a prompt and fully acceptable reply), you should immediately contact [Identify Contact Name}, the Director of Human Resources at [Identify, Contact Phone Number], [Identify Contact Name and Phone Number], or any other supervisor in the company with whom you feel comfortable. If you are unsure of whom to contact if you have not received a satisfactory response within five business days after[1] reporting the incidents please immediately contact [Identify Contact Name and Phone Number],,

Every report will be fully investigated and corrective action will be taken where appropriate, up to and including discharge for any employee(s) who violates this policy., In addition, the Company will not allow any form of retaliation against individuals who report alleged violations of this policy or: who cooperate in the Company's investigation of such reports Retaliation is unacceptable, and any form of retaliation in violation of this policy will result in disciplinary action, up to and including discharge.



First Supplement to Appendix B
DETAIL BUDGET **Year 1**

A. SENIOR PERSONNEL	(Set) Appmt Mos.			SALARY	SPONSOR REQUEST	OU COSTSHARE	TOTAL
1 Research Scientist	12	100.00% FTE x	4 calendar mos	$74,400	$24,800		$24,800
Gerard Newman		100.00% FTE x	summer mos.	$74,400			
2 Research Scientist	12	100.00% FTE x	4 calendar mos.	$52,000	$17,333		$17,333
Martina Dreyer		100.00% FTE X	summer mos.	$52,000			
3 Research Scientist	12	100.00% FTE x	2 calendar mos.	$75,000	$12,500		$12,500
Rakki Rekai		x	summer mos.	$75,000			
4	9	FTE x	academic mos.				
		FTE x	summer mos.				
5	9	FTE x	academic mos.				
		FTE x	summer mos.				
6. ( ) TOTAL SENIOR PERSONNEL (1.-5)					$54,633		$54,633
B. OTHER PERSONNEL							
1. ( ) POST DOCTORAL ASSOCIATES							
2. ( ) OTHER PROFESSIONALS (TECHNICIAN, PROGRAMMER, ETC.)							
3. ( ) PROJECT SECRETARIAL/CLERICAL							
4. ( ) GRADUATE STUDENTS							
5. ( ) UNDERGRADUATE STUDENTS							
6. ( ) OTHER							
TOTAL SALARIES AND WAGES (A+B)					$54,633		$54,633
C. FRINGE BENEFITS (if temp employee, summer, or limited FB needed contact PDS)					$22,148		$22,148
TOTAL SALARIES WAGES AND FRINGE BENFITS (A+B+C)					$76,781		$76,781
D. PERMANENT EQUIPMENT ($5000 per unit or fabricated) Prototype Fabrication							
TOTAL PERMANENT EQUIPMENT					$11,623		$11,623
E. TRAVEL** 1. DOMESTIC:		People to:					
RT Airfare/person		;Per Diem	x days/person				
2. FOREIGN:		People to:					
RT Airfare/person		;Per Diem	x days/person				
F. PARTICIPANT SUPPORT COSTS (non-employee conference/workshop attendees)							
1 STIPENDS		3. SUBSISTENCE					
2 TRAVEL							
( ) Number of Participants		Total participant	$0				
G. OTHER DIRECT COSTS							
1. MATERIALS AND SUPPLIES							
2. PUBLICATION COSTS/DOCUMENTATION DISSEMINATION		/pg. x	(no. of pages)				
3. CONSULTANT SERVICES		/days x	/day				
4. COMPUTER (AUPE) SERVICES		/(rate) x					
5. SUBCONTRACTS		"amount for IDC calculation"					
6. TUITION							
7. OTHER							
TOTAL OTHER DIRECT COSTS							
H. TOTAL DIRECT COSTS (A THROUGH G)					$88,404		$88,404
I. INDIRECT COSTS:		Base =	$76,781				
48.00%					$36,855		$36,855
J. TOTAL COSTS-YEAR ONE					$125,259		$125,259

"Travel expenses will be reimbursed at federal rates, state rates, or specified rates, as appropriate

Revised 5/10/2005

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form SB-2 of 3DIcon Corporation of our report dated February 23, 2006, relating to our audits of the financial statements appearing in the Prospectus, which is part of this Registration Statement. Our report dated February 23, 2006 relating to the financial statements includes an emphasis paragraph relating to an uncertainty as to the Company's ability to continue as a going concern. We also consent to the reference to our firm under the captions "Experts" in such Prospectus.

/s/ TULLIUS TAYLOR SARTAIN & SARTAIN LLP

Tulsa, Oklahoma
December 15, 2006