

NEWS RELEASE

News Contact: Bill Ulland
Chairman, President & CEO
(218) 628-2217

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IKONICS Corporation Buys Interest in Imaging Technology International, Forms Strategic Partnership

DULUTH, MN - IKONICS Corporation (NASDAQ:IKNX), a Duluth based imaging technology company, announced today that it has invested \$250,000 to acquire 36,496 shares of **Imaging Technology International (iTi)** of Boulder, Colorado, with warrants to acquire 33,333 shares before June 30, 2006. **Severance Capital Management** of Denver, Colorado also participated, joining a group of individual and strategic investors that had committed to the round earlier in the year.

iTi has raised more than \$1,000,000 in the Series A round through the issuance of Common Stock. In addition, the Company has issued warrants to purchase up to \$1,500,000 of Common Stock at per share purchase prices equal to or greater than the per share purchase price for the series A round with expiry between December 2005 and June 2006.

Commenting on the funding, Mr. R. Bruce Morgan, CEO of iTi, said, "Our Company has experienced rapid growth in the past two years and will use the proceeds from the funding for sales and marketing activities, accounts receivable growth associated with increased sales volumes, modest increases in work-in-process and final goods inventories and to cover costs associated with new patent applications." Morgan added, "iTi is well positioned to capitalize on the rapid adoption of digital workflow in previously analog production processes in markets such as low-density electronics, flat panel displays, pharmaceuticals and biotechnology. Our investor group understands industrial ink jet is a transformational technology that will drive digital processes into strategic manufacturing operations at large industrial users worldwide."

Mr. Bill Ulland, CEO of IKONICS said, "We are pleased with the opportunity to help fund an innovative leader in the development of industrial production systems based on ink jet technology. This investment fits well with IKONICS' expertise in developing specialized substrates for a wide variety of industrial printing processes." Ulland continued, "IKONICS has intimate knowledge of markets where its advanced substrate technology can combine with iTi's ink jet expertise to create new business opportunities for both companies."

Commenting on his decision to participate in the round, Mr. H. Leigh Severance of Severance Capital Management said, "Ink jet technology is well known in the home and office printing markets, but it is the belief of iTi and the investment group that this technology has the potential to play an even larger role in transforming traditional analog manufacturing processes by introducing digital workflow into industrial production." Severance also noted, "The Company has a proven track record supplying Fortune 500 manufacturers with industrial ink jet development tools and production systems, and I view this as a ground-floor opportunity to invest in an important technology that will change the way many products get built in the near future."

The requirement for the funding was based on iTi's rapid growth in the past 24 months that followed the Company's strategic shift from consulting services to product sales and integration services for industrial ink jet systems. The Company has developed and implemented a strategy that has allowed it to grow by riding on the rapid implementation of ink jet technology in next generation manufacturing systems in fields as diverse as electronics and biotechnology. It will use the proceeds of the funding to continue its growth and ensure it is in the top rank of industrial ink jet technology providers. The Company expects to come back to the market in 18-24 months as it ramps up production of its industrial systems.

Dr. Ross Mills, iTi's Founder and CTO, stated, "We will continue to work with our investors and strategic partners to enhance and expand our current product line with the introduction of new technology developed around our growing intellectual property portfolio."

The company recently introduced the automated Drop Watcher III, a precision measurement system that reliably measures and analyzes both opaque and transparent jet-able fluids from a broad range of industrial print heads. The innovative Drop Watcher III imaging technology eliminates the need for operator intervention, saving significant time over manual drop analysis tools. iTi's other development tools for the ink jet industry include its sophisticated XY Materials Deposition System for process development for digital manufacturing, and the Inkjet Web Press for testing ink/substrate interaction for flexible substrates. The company also offers the Versatile Jet family of large format printers, a production system for precision printing on solid substrates such as metals, glass, PCB board and ceramics. iTi will be announcing a second production system in the next few weeks that will bring the benefits of digital technology to photo quality labels and the printing of electronics and pharmaceuticals on flexible substrates.

This press release contains forward-looking statements regarding sales, net earnings, and new products that involve risks and uncertainties. The Company's actual results could differ materially as a result of domestic and global economic conditions, competitive market conditions, acceptance of new products, the ability to identify and make suitable acquisitions, as well as the factors described in the Company's Form 10-KSB, Forms 10-QSB and other reports on file with the SEC.