



Common Stock

IKONICS Corporation common stock is traded on the Nasdaq Capital Market under the symbol IKNX.

Transfer Agent

Wells Fargo Shareowner Services
PO Box 64854
St. Paul, MN 55164-0854

Shareholders with questions on stock holdings, transfer requirements and address changes contact Wells Fargo Bank at 651-450-4064 or 800-468-9716.

For Additional Financial Information Contact:

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IKONICS
CORPORATION

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Summary of Quarterly Statements
(Thousands of Dollars, Except Per Share Information)

Quarter Ended	2008			2007			2006		
	Net Sales	Net Income	Earnings Per Share	Net Sales	Net Income	Earnings Per Share	Net Sales	Net Income	Earnings Per Share
March 31	\$3,781	\$106	\$0.05	\$3,508	\$139	\$0.07	\$3,372	\$98	\$0.05
June 30				4,375	331	0.16	4,100	347	0.17
September 30				4,017	354	0.17	3,674	285	0.14
December 31				3,925	345	0.17	3,744	393	0.19
	\$3,781	\$106	\$0.05	\$15,825	\$1,170	\$0.57	\$14,889	\$1,124	\$0.55

Unaudited Interim Financial Statements
(Some columns may not add due to rounding)



TO OUR STOCKHOLDERS:

The first quarter of 2008 was a substantial improvement over the first quarter of 2007 in both sales and operating profit. Sales were \$3,781,000, an 8% increase over the first quarter of last year and operating income was \$47,000 compared to a small loss for the first quarter of last year. Net earnings were \$106,000

or \$0.05 per share, \$33,000 below the first quarter of 2007, which benefited from a one-time \$55,000 gain on the sale of our interests in Apprise Technologies and a \$55,000 income tax benefit, while the first quarter of 2008 was hit with a one-time cost of \$68,000 for an employee severance obligation.

Revenue growth was led by sales to Europe and Asia, with a significant contribution from our new Photo Machining venture. The weak dollar has helped our export business, while the slow US economy has had some negative effect on domestic sales.

Sales of our Digital Texturing products have been slow to materialize reflecting both continuing product development and the depressed condition of the domestic automotive industry, which was our initial target market. We are now broadening our sales efforts to include the international automotive industry and the non-automotive US mold making market.

I anticipate that Digital Texturing will contribute to earnings later this year and that sales and earnings from Photo Machining will continue to grow throughout the year.

On April 7th we purchased 11 acres, with an option on an additional 4 acres, from the city of Duluth for \$366,000. A 35,000 square foot manufacturing and warehouse facility is being constructed on this brown field site.

For the Board of Directors,

WILLIAM C. ULLAND
Chairman, President & CEO

Condensed Statements of Operations (unaudited)

For the Three Months Ended March 31, 2008 and 2007

Net Sales		
Costs and Expenses		
Income (loss) from Operations		
Gain on Sale of Non-Marketable Equity Securities		
Interest Income		
Income Before Income Taxes		
Income Tax Benefit		
Net Income		
Earnings Per Common Share-Diluted		
Weighted Average Shares Outstanding-Diluted		

Three Months Ended	
03/31/08	03/31/07
\$ 3,780,848	\$ 3,507,767
3,733,728	3,511,434
47,120	(3,667)
-	55,159
43,675	32,907
90,765	84,399
(14,843)	(54,698)
<u>\$ 105,638</u>	<u>\$ 139,097</u>
<u>\$ 0.05</u>	<u>\$ 0.07</u>
2,069,129	2,064,511

Condensed Balance Sheets

As of March 31, 2008 and December 31, 2007

Assets		
Current assets		
Property, plant and equipment, net		
Investment in non-marketable equity securities		
Intangible assets		
Deferred income taxes		
Liabilities and Stockholders' Equity		
Current liabilities		
Long-term debt		
Stockholders' equity		

03/31/08	12/31/07
(unaudited)	
\$ 9,397,635	\$ 9,315,737
1,403,373	1,320,591
855,201	855,201
492,825	479,888
11,000	11,000
<u>\$ 12,160,034</u>	<u>\$ 11,982,417</u>
\$922,774	\$936,703
-	-
11,237,260	11,045,714
<u>\$ 12,160,034</u>	<u>\$ 11,982,417</u>

Condensed Statements of Cash Flow (unaudited)

For Three Months Ended March 31, 2008 and 2007

Net cash provided by operating activities		
Net cash provided by investing activities		
Net cash provided by financing activities		
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period		

03/31/08	03/31/07
\$ 43,083	\$ 193,372
2,697,482	153,120
79,621	28,384
2,820,186	374,876
1,230,020	253,186
<u>\$ 4,050,206</u>	<u>\$ 628,062</u>

Unaudited interim financial information. Some columns may not add due to rounding.

The preceding letter contains statements regarding future financial results, new products, and other matters 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 most recent Form 10-KSB and most recent Form 10-QSB on file with the SEC.