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NEWS RELEASE

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IKONICS Announces Increase in First Quarter Profits

DULUTH, MN - IKONICS Corporation, a Duluth based imaging technology company, reported earnings for the first quarter of 2006 of \$98,000, or \$0.05 per share, compared to \$0.01 per share for the first quarter of 2005. Sales were \$3,372,000, a 1% increase over 2005.

The strong increase in earnings reflects reduced expenses and higher margins resulting from a more favorable product mix. Sales to India continue to be slow, although the company anticipates a rebound in the second quarter.

Bill Ulland, Ikonics CEO, said, "Historically, the first quarter tends to be our weakest, affected by cold weather shipping delays and the Asian New Year holiday season. We look to our new business initiatives to lessen the affect of this seasonality."

"Our new initiatives are gaining traction," Ulland said. "We are producing IKONMetal and assigning distributors; our IKONBraille prototype was received very positively at the recent International Sign Expo in Orlando, and we are starting to build an inventory of this product."

IKONMetal is a unique metal composite that can be etched by rotary engraving or abrasive etching into a high-quality, low-cost metallic sign, award or trophy. IKONBraille is a patent-applied-for product designed to be made into high-quality, low-cost custom Braille signage using abrasive etching.

This press release contains forward-looking statements regarding sales, 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.

IKONICS Corporation

Condensed Statements of Operations (Unaudited)

For the Three Months Ended March 31, 2006 and 2005

	Three Months Ended	
	<u>03/31/06</u>	<u>03/31/05</u>
Sales	\$3,371,800	\$3,328,527
Costs and expenses net of interest income	3,226,010	3,313,761
Income before income taxes	\$ 145,790	\$ 14,766
Federal and state income tax expense (benefit)	<u>47,488</u>	<u>(8,889)</u>
Net income	<u>98,302</u>	<u>23,655</u>
Earnings per common share-diluted	<u>\$ 0.05</u>	<u>\$ 0.01</u>
Average shares outstanding-diluted	2,019,238	1,984,051

Condensed Balance Sheets

As of March 31, 2006 and December 31, 2005

	<u>3/31/06</u>	<u>12/31/05</u>
Assets	(Unaudited)	
Current assets	\$7,440,824	\$7,728,358
Property, plant and equipment, net	930,772	951,565
Investment in non-marketable equity securities	700,788	450,790
Intangible assets	283,393	279,086
Deferred income taxes	<u>61,000</u>	<u>61,000</u>
	<u>\$9,416,777</u>	<u>\$9,470,799</u>
Liabilities and Equity		
Current liabilities	\$ 713,828	\$ 992,294
Long term debt	0	0
Stockholders' equity	<u>8,702,949</u>	<u>8,478,505</u>
	<u>\$ 9,416,777</u>	<u>\$ 9,470,799</u>

Condensed Statements of Cash Flow (Unaudited)

For the Three Months Ending March 31, 2006 and 2005

	<u>3/31/06</u>	<u>3/31/05</u>
Cash flows provided by (used in) operating activities	18,363	(\$143,021)
Cash flows provided by (used in) investing activities	(217,178)	260
Cash flows provided by financing activities	<u>121,221</u>	<u>75,363</u>
Net decrease in cash and cash equivalents	(77,594)	(67,398)
Cash and cash equivalents at beginning of period	<u>3,412,072</u>	<u>2,737,460</u>
Cash and cash equivalents at end of period	<u>\$3,334,478</u>	<u>\$2,670,062</u>