



4832 Grand Avenue  
Duluth, MN 55807 USA  
Phone: (218) 628-2217  
Fax: (218) 628-3245  
Email: info@ikonics.com  
Website: www.ikonics.com

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

**For Immediate Release**  
April 24, 2013

## **IKONICS Announces First Quarter Results and Status of New Business Initiatives**

DULUTH, MN - IKONICS Corporation (NASDAQ:IKNX), a Duluth based imaging technology company, announced record first quarter sales in 2013 of \$4,022,000, slightly higher than last year's record first quarter sales of \$4,010,000. The company posted a loss of \$88,000 or \$0.04 per share in the first quarter of 2013 compared with a loss of \$62,000, \$0.03 per share, for the corresponding quarter in 2012.

Bill Ulland, IKONICS CEO, said that although sales set a record for the quarter, earnings were down, reflecting investments in the Company's new technologies and the cyclical nature of first quarter sales to our traditional customers.

"We believe we are on a path for significant growth, particularly with our composite machining technology," Ulland said. "In the first quarter of 2011 we had one account for composite machining. Last year in the first quarter the number of accounts stood at three. Today, we have thirteen."

Ulland added: "For the most part, these accounts represent the use of our technology for sound deadening in commercial aircraft. We have expanded our business model to include the machining of composite parts, in addition to selling masks for use in machining by the customer. Consequently, we are substantially increasing our machining capabilities and have strengthened our intellectual property position through patent applications and the protection of trade secrets.

"In addition to our focus on sound deadening, we recently announced an exciting project with Lockheed Martin for the machining of ceramic matrix composites (CMC). We are seeing additional interest in this application of our technology from other companies. In the aerospace industry, CMC is projected to replace metal, thereby reducing weight and improving performance in a new generation of jet engines as indicated in this educational video produced by General Electric:

<http://youtu.be/666VH25FeG0>

"While composite machining is a major opportunity for IKONICS, aerospace programs are slow to develop and ramp-up to full production can take years. In the second half of 2013 we anticipate sales to increase significantly leading to major production in 2014 and beyond. As the aerospace industry replaces its aging commercial fleet with aircraft using a far greater percentage of composites, we believe we are well positioned to grow within this industry.

"Our Digital Texturing business is also beginning to reach its potential. The technology is currently in use in Europe and North America on mold texturing projects for major German and Japanese automakers, and our unique prototyping capability is helping to drive these sales.

"Our traditional businesses are also healthy. Chromaline Screen Print Products is being boosted by our Alpha line of products aimed at the electronics/touch panel industry and a new film product is being very well received in Asia."

This press release contains forward-looking statements regarding sales, gross profits, net earnings, balance sheet position, industry trends and new products, technologies and businesses initiatives that involve risks and uncertainties. The Company's actual results could differ materially as a result of downturns in the aerospace industry, unexpected production delays by the Company's customers, lack of acceptance of new products and technologies, introduction of new products or technologies by competitors, the effects of federal budget sequestration, domestic and global economic conditions, inherent risk and uncertainty in the protection of intellectual property rights, the ability to control operating costs without impacting growth as well as the factors described in the Company's Form s 10-K, and 10-Q, and other reports on file with the SEC.

ISO 9001 Certified  
NASDAQ Listed: IKNX

# IKONICS Corporation

## CONDENSED STATEMENTS OF OPERATIONS (unaudited) For the Three Months Ended March 31, 2013 and 2012

	<b>Three Months Ended</b>	
	<b><u>3/31/13</u></b>	<b><u>3/31/12</u></b>
Net Sales	\$4,022,272	\$4,009,624
Cost of Goods Sold	<u>2,558,013</u>	<u>2,504,064</u>
Gross Profit	1,464,259	1,505,560
Operating expenses	<u>1,638,061</u>	<u>1,601,911</u>
Loss from operations	(173,802)	(96,351)
Interest income	<u>2,215</u>	<u>3,726</u>
Loss before income taxes	(171,587)	(92,625)
Loss tax benefit	<u>83,837</u>	<u>30,219</u>
Net loss	<u>\$ (87,750)</u>	<u>\$ (62,406)</u>
Earnings per common share-basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>
Average shares outstanding-basic and diluted	2,000,555	1,984,695

### Condensed Balance Sheets

As of March 31, 2013 and December 31, 2012

	<b><u>3/31/13</u></b>	<b><u>12/31/12</u></b>
	(unaudited)	
<b>Assets</b>		
Current assets	\$ 7,477,807	\$ 7,417,041
Property, plant and equipment, net	5,534,208	5,461,878
Intangible assets, net	<u>327,660</u>	<u>305,357</u>
	<u>\$ 13,339,675</u>	<u>\$13,184,276</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities	\$ 1,150,189	\$ 1,023,531
Deferred income taxes	431,000	366,000
Long term debt	-	-
Stockholders' equity	<u>11,758,486</u>	<u>11,794,745</u>
	<u>\$13,339,675</u>	<u>\$13,184,276</u>

### CONDENSED STATEMENTS OF CASH FLOW (unaudited)

For the Three Months Ended March 31, 2013 and 2012

	<b><u>3/31/13</u></b>	<b><u>3/31/12</u></b>
Net cash provided by (used in) operating activities	\$ (247,578)	\$ 158,995
Net cash used in investing activities	(244,616)	(39,544)
Net cash provided by financing activities	<u>40,997</u>	<u>3,750</u>
Net increase (decrease) in cash	(451,197)	123,201
Cash at beginning of period	<u>967,943</u>	<u>1,867,165</u>
Cash at end of period	<u>\$ 516,746</u>	<u>\$1,990,366</u>