



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

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## **IKONICS REPORTS STRONG EARNINGS AND SALES**

DULUTH, MN - IKONICS Corporation (NASDAQ:IKNX), a Duluth based imaging technology company, announced today a 279% increase in 2010 first quarter earnings to \$148,000, or \$0.08 per share, compared to \$53,000, or \$0.03 per share, for the first quarter of 2009. Sales increased by 3.4% to \$3,685,000.

Bill Ulland, IKONICS CEO, commented that this was one of IKONICS best first quarter earnings results, and he believes it indicates that the recession is weakening. Ulland also said, "I am particularly pleased with the strong increase in our export sales, and the improvement in the performance of IKONICS Imagining which was driven by our new business initiatives. Although sales to the domestic screen print market were down from last year, the first quarter of 2009 featured some anomalous private label sales, and I'm pleased with these results. IKONICS' balance sheet also remains strong with no long-term debt and \$2,221,000 in cash and short-term investments. "

In commenting on the Company's new initiatives, Ulland said, "I'm particularly encouraged by the performance of our patent pending Digital Texturing program. I believe this and other efforts in our non-traditional markets provide further reason for optimism in 2010."

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 s 10-K, and 10-Q, and other reports on file with the SEC.

# IKONICS Corporation

## CONDENSED STATEMENTS OF OPERATIONS (unaudited) For the Three Months Ended March 31, 2010 and 2009

	<b>Three Months Ended</b>	
	<b><u>3/31/10</u></b>	<b><u>3/31/09</u></b>
Net Sales	\$3,684,577	\$3,563,212
Cost of Goods Sold	<u>2,200,782</u>	<u>2,157,898</u>
Gross Profit	1,483,795	1,405,314
Operating expenses	<u>1,361,093</u>	<u>1,388,864</u>
Income from operations	122,702	16,450
Gain on sale of non-marketable equity securities	-	20,131
Interest income	<u>3,519</u>	<u>70</u>
Income before income taxes	126,221	36,651
Income tax benefit	<u>(22,120)</u>	<u>(16,484)</u>
Net income	<u>\$ 148,341</u>	<u>\$ 53,135</u>
Earnings per common share-diluted	<u>\$ 0.08</u>	<u>\$ 0.03</u>
Average shares outstanding-diluted	1,969,433	1,989,866

### Condensed Balance Sheets

As of March 31, 2010 and December 31, 2009

	<b><u>3/31/10</u></b>	<b><u>12/31/09</u></b>
	(unaudited)	
<b>Assets</b>		
Current assets	\$ 6,545,307	\$ 6,417,488
Property, plant and equipment, net	5,193,071	5,234,244
Intangible assets, net	<u>341,607</u>	<u>345,540</u>
	<u>\$12,079,985</u>	<u>\$11,997,272</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities	\$ 736,712	\$ 809,186
Deferred income taxes	162,000	162,000
Long term debt	-	-
Stockholders' equity	<u>11,181,273</u>	<u>11,026,086</u>
	<u>\$12,079,985</u>	<u>\$11,997,272</u>

### CONDENSED STATEMENTS OF CASH FLOW (unaudited)

For the Three Months Ended March 31, 2010 and 2009

	<b><u>3/31/10</u></b>	<b><u>3/31/09</u></b>
Net cash provided by operating activities	\$ 184,442	\$ 431,010
Net cash used in investing activities	(73,256)	(29,648)
Net cash used in financing activities	<u>-</u>	<u>(69,213)</u>
Net increase in cash	111,186	332,149
Cash at beginning of period	<u>1,304,586</u>	<u>901,738</u>
Cash at end of period	<u>\$1,415,772</u>	<u>\$1,233,887</u>