Unique. Imaging. **Solutions.**

IKONICS® CORPORATION

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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Chief Financial Officer

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IKONICS® CORPORATION

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Summary of Quarterly Statements

(Thousands of Dollars, Except Per Share Information)

Quarter Ended	2010 Net Sales	2010 Net Income	2010 Earnings Per Share	2009 Net Sales	2009 Net Income (loss)	2009 Earnings (Loss) Per Share	2008 Net Sales	2008 Net Income	2008 Earnings Per Share
March 31	$3,685	$148	$0.08	$3,563	$53	$0.03	$3,781	$106	$0.05
June 30				3,787	147	0.07	4,330	358	0.17
September 30				3,921	(709)	(0.36)	3,833	238	0.11
December 31				3,851	202	0.10	3,910	112	0.06
	$3,685	$148	$0.08	$15,122	$(307)	$(0.16)	$15,854	$814	$0.40

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

TO OUR STOCKHOLDERS:

The first quarter of 2010 was a nice rebound to increased profits and sales. From the first quarter of 2009, earning increased by 279% to 148,000 or $0.08 cents per share and sales increased by 3.4% to $3,685,000. Our first quarter is usually a bit unpredictable due to winter shipping issues from Duluth and the holiday season in Asia. However, our export sales were very strong, and IKONICS Imaging had a turn around driven by our new business initiatives. Chromaline domestic screen print sales were below the first quarter of 2009, but that quarter featured some anomalous private label sales. All things considered, this was a good quarter and our balance sheet remains very healthy with no long term debt and $2,221,000 in cash and short term investments.

We are having encouraging results from the DTX Jet printer at our beta site, which is generating repeat sales for our fluid and substrates. We anticipate an additional printer in the field in the first half of 2010 and have ordered two additional printers for mid-year delivery. We are also finding some new markets for this technology and are making good progress on a DTX patent application.

Our other new business initiatives continue to make progress, but introducing new technology to industrial markets is not a fast process. However, we are discovering new opportunities for our Photo-Machining technology in Europe and Asia, and our joint research project for a unique protective film continues to show excellent promise.

Although I am optimistic for 2010, it is unclear how the European Union financial crisis and the plunging Euro will affect our business and our DTX initiative is primarily tied to the world wide automotive industry.

For the Board of Directors,

WILLIAM C. ULLAND
Chairman, President & CEO

Condensed Statements of Operations (unaudited)

For the Three Months Ended March 31, 2010 and 2009

	Three Months Ended 03/31/10	03/31/09
Net sales	$3,684,577	$3,563,212
Cost of goods sold	2,200,782	2,157,898
Gross profit	1,483,795	1,405,314
Operating expenses	1,361,093	1,388,864
Income from operations	122,702	16,450
Gain on sale of non-marketable equity securities	-	20,131
Interest income	3,519	70
Income before income taxes	126,221	36,651
Income tax benefit	(22,120)	(16,484)
Net income	$ 148,341	$ 53,135
Earnings per common share-diluted	$ 0.08	$ 0.03
Average shares outstanding-diluted	1,969,433	1,989,866

Condensed Balance Sheets

As of March 31, 2010 and December 31, 2009

	03/31/10 (unaudited)	12/31/09
Assets		
Current assets	$ 6,545,307	$ 6,417,488
Property, plant and equipment, net	5,193,071	5,234,244
Intangible assets, net	341,607	345,540
	$ 12,079,985	$ 11,997,272
Liabilities and Stockholders' Equity		
Current liabilities	$ 736,712	$809,186
Deferred income taxes	162,000	162,000
Long-term debt	-	-
Stockholders' equity	11,181,273	11,026,086
	$12,079,985	$ 11,997,272

Condensed Statements of Cash Flow (unaudited)

For Three Months Ended March 31, 2010 and 2009

	03/31/10	03/31/09
Net cash provided by operating activites	$ 184,442	$ 431,010
Net cash used in investing activities	(73,256)	(29,648)
Net cash used in financing activities	-	(69,213)
Net increase in cash	111,186	332,149
Cash at beginning of period	1,304,586	901,738
Cash at end of period	$ 1,415,772	$ 1,233,887

Unaudited interim financial information.

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-Q on file with the SEC.