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NEWS RELEASE

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IKONICS ANNOUNCES RECORD 2007 RESULTS

DULUTH, MN - IKONICS Corporation, a Duluth based imaging technology company announced record sales of \$15,825,000, in 2007, a 6% increase over 2006. Earnings were \$1,170,000 (\$0.57 per share), a 4% increase over 2006, also a record.

Bill Ulland, IKONICS CEO, said that sales growth was led by Chromaline Screen Print Products, which was aided by the image mate® acquisition made in December 2006. Earnings were negatively impacted by startup costs for the company's new Digital Texturing and Photo-Machining projects, as well as Sarbanes-Oxley compliance costs.

Ulland added, "We are beginning to build a customer base for our Photo-Machining service; however, we do not as yet know the market potential, nor do we clearly understand where our technology fits into this large and complex industry. Digital Texturing has advanced more rapidly. We know the market for our technology in the plastic injection mold making industry is large, relative to our size. We are currently producing commercial product from prototype equipment; and, so far, the market response has been very encouraging. We anticipate having high volume production equipment installed in Duluth in the second quarter of 2008 and, assuming no unforeseen problems, we hope to be taking orders for digital equipment by the end of the year. We will be providing our proprietary fluid and patent-applied-for inkjet receptive substrate for these machines and will continue to supply imaged product from Duluth."

The company has announced that it has acquired an option to purchase from the City of Duluth a 15 acre brownfield site and is considering the construction of a 35,000 square foot manufacturing and warehouse facility at the site.

This press release contains forward-looking statements regarding sales, net earnings, new products and new facilities 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

For the Three Months and Twelve Months Ended December 31, 2007 and 2006

| | Three Months Ended | | Twelve Months Ended | |
|--------------------------------------|---------------------------|------------------------|----------------------------|------------------------|
| | <u>12/31/07</u> | <u>12/31/06</u> | <u>12/31/07</u> | <u>12/31/06</u> |
| Net Sales | \$3,925,358 | \$3,743,608 | \$15,824,725 | \$14,888,912 |
| Costs and expenses | <u>3,420,008</u> | <u>3,245,133</u> | <u>14,398,080</u> | <u>13,414,601</u> |
| Income from operations | 505,350 | 498,475 | 1,426,645 | 1,474,311 |
| Gain on sale of investment | - | - | 55,159 | - |
| Interest income | <u>43,724</u> | <u>32,815</u> | <u>153,971</u> | <u>115,454</u> |
| Income before income taxes | 549,074 | 531,290 | 1,635,775 | 1,589,765 |
| Federal and state Income tax expense | <u>203,723</u> | <u>138,249</u> | <u>466,000</u> | <u>466,000</u> |
| Net income | <u>\$ 345,351</u> | <u>\$ 393,041</u> | <u>\$ 1,169,775</u> | <u>\$ 1,123,765</u> |
| Earnings per common share-diluted | <u>\$ 0.17</u> | <u>\$ 0.19</u> | <u>\$ 0.57</u> | <u>\$ 0.55</u> |
| Average shares outstanding-diluted | 2,075,580 | 2,038,499 | 2,063,380 | 2,027,916 |

CONDENSED BALANCE SHEETS

As of December 31, 2007 and December 31, 2006

| | <u>12/31/07</u> | <u>12/31/06</u> |
|---|------------------------|------------------------|
| Assets | | |
| Current assets | \$ 9,315,737 | \$ 8,229,210 |
| Property, plant and equipment, net | 1,320,591 | 991,920 |
| Investment in non-marketable equity securities | 855,201 | 988,910 |
| Intangible assets | 479,888 | 485,421 |
| Deferred income taxes | <u>11,000</u> | <u>48,000</u> |
| | <u>\$11,982,417</u> | <u>\$10,743,461</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | \$ 936,703 | \$ 879,362 |
| Long term debt | - | - |
| Stockholders' equity | <u>11,045,714</u> | <u>9,864,099</u> |
| | <u>\$11,982,417</u> | <u>\$10,743,461</u> |