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Ikonics Corporation Announces Aerospace Expansion Plans

IKONICS Corporation (NASDAQ: IKNX), a Duluth-based imaging technology company, announced today that its board of directors has approved a capital expenditure of \$570,000 for automated equipment to increase its composite machining capabilities for the aerospace industry. The company is also evaluating an expansion to a new site to service this growing business.

Bill Ulland, Ikonics CEO, said: "After conversations with major customers and manufacturers in the commercial jet engines business, we believe there is an opportunity for very significant business for Ikonics beginning in late 2014 and ramping up in 2015 and beyond. This belief is based on the number of new aircraft scheduled to begin commercial service late this year and early next, and the progress we have made in meeting the needs of many of these potential customers during the pre-certification phase of aircraft testing."

Continuing, Ulland added: "In order to secure this business we need to show potential customers our technical and manufacturing capabilities. Phase one of this expansion program is the capital equipment approved by the Ikonics Board, which will occupy all the remaining space in our building in Morgan Park.

Although two potential customers would like us to investigate locating a manufacturing facility near their off-shore aircraft assembly plants, and have offered to help with financing these facilities through joint ventures or licensing agreements, we would like Phase one to be a bridge to Phase two, which would be a new manufacturing facility at the Morgan Park site dedicated to aerospace. This would be a major investment for Ikonics and we need to evaluate the risk, economics, financing, and other location options carefully.

Assuming our continuing market evaluation remains positive and the economics work, we would like to begin construction next spring with completion in the fall of 2015. If this goes forward in Morgan Park, we believe it will create a significant number of jobs and bolster Duluth's status as an aerospace hub."

This press release contains forward-looking statements regarding planned capital expenditures, potential expansion of the Company's facilities, growth in its aerospace business, potential new customers, financing and other arrangements with these potential new customers, and creation of new jobs 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, cost overruns in connection with planned capital expenditures, failure of planned capital expenditures or facility expansion to generate the expected results, lack of acceptance of new products and technologies, introduction of new products or technologies by competitors, government budgetary changes, 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 Forms 10-K, and 10-Q, and other reports on file with the SEC.