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Date: January 2, 2018
RE: Compliance with the Foreign Corrupt Practices Act and Anti-Bribery Laws

Dear Valued Distributor:

IKONICS Corporation ("IKONICS") is committed to compliance with all applicable anti-bribery and anti-corruption laws, regulations and orders ("Anti-Corruption Laws"), including but not limited to the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA"). As an authorized distributor of products developed and manufactured by IKONICS ("IKONICS Products"), you are hereby notified that you must comply with these Laws in order to continue to be an authorized distributor of IKONICS Products.

The FCPA makes it unlawful to offer, pay or give anything of value, directly or indirectly, to any foreign official for the purpose of wrongfully obtaining or retaining any business or securing any business advantage.

The statute extends liability to those that make corrupt payments "to any person" if he or she knows or should know that all or a portion of such payment is later going to be made to a foreign official for the purpose of influencing an act or decision of that official in order to assist in obtaining or retaining business. "Any person" includes foreign subsidiaries and other third parties, such as agents, consultants, distributors, and joint venture partners. "Foreign officials" is broadly defined and includes an official or employee, at any level, of any government, any government department or agency, any state-owned company or instrumentality, any public international organization, or any political party or political candidate.

Parties subject to the FCPA must exercise diligence and take precautions necessary to ensure that they have formed business relationships with reputable and qualified partners and representatives. Companies must be mindful of red flags and must investigate promptly and fully any reasonable suspicions of unethical conduct.

In order to continue to be a distributor of IKONICS Products you are required to do business in compliance with all Anti-Corruption Laws, including the FCPA as described above. You must manage your distribution channels and third party relationships on an ongoing basis to assure compliance with these Anti-Corruption Laws. You are responsible for alerting any sub-distributors, resellers or other third parties you work with in the distribution of IKONICS Products that their compliance with such Anti-Corruption Laws is also mandatory.

You also have an obligation to immediately report any violation or suspected violation of Anti-Corruption Laws, on your part or on the part of any third party with whom you work, to IKONICS by contacting Jon Gerlach, Chief Financial Officer, Vice President Finance and Secretary at +1 (218) 624-6455.

Any failure to comply with these obligations may result in serious fines and penalties to IKONICS and to your company. Consequently, any failure on your part to comply with this responsibility will constitute cause for termination as an authorized distributor.

Please also contact me with any questions or concerns with regard to compliance with the Anti-Corruption Laws described above. We value our relationship with you and look forward to working together in our ongoing commitment to ethical and lawful business practices.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Hegman", followed by a horizontal line.

Kenneth D. Hegman
Chief Operating Officer