

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) January 7, 2020

**IKONICS CORPORATION**

(Exact name of registrant as specified in its charter)

<b>Minnesota</b> (State or other jurisdiction of incorporation)	<b>000-25727</b> (Commission File Number)	<b>41-0730027</b> (IRS Employer Identification No.)
<b>4832 Grand Avenue Duluth, Minnesota</b> (Address of principal executive offices)		<b>55807</b> (Zip Code)

Registrant's telephone number, including area code (218) 628-2217

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Stock, par value \$.10 per share	IKNX	Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On January 7, 2020, IKONICS Corporation (the “Company”) entered into a Transition Agreement with William C. Ulland (the “Transition Agreement”) and separately entered into an Employment Agreement (the “Employment Agreement”) with Glenn Sandgren as more particularly described in Item 5.02 to this Current Report on Form 8-K (this “Report”).

The descriptions of the Transition Agreement and Employment Agreement contained in Item 5.02 of this Report are qualified in their entirety by reference to the full text of the Transition Agreement and Employment Agreement filed herewith as Exhibits 10.1 and 10.2, respectively.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

*Retirement of William C. Ulland*

As previously announced, William C. Ulland notified the Board of Directors (the “Board”) of the Company of his intention to retire from his positions as President and Chief Executive Officer of the Company, provided a successor had been identified by the Board. On January 7, 2020, Mr. Ulland formally announced his retirement as President and Chief Executive Officer of the Company, effective February 10, 2020. Mr. Ulland will continue to serve as Chairman of the Board. In connection with his retirement, Mr. Ulland entered into the Transition Agreement with the Company, whereby the Company will pay Mr. Ulland a one-time cash fee of \$225,000, and certain other benefits as described in the Transition Agreement.

*Hiring of Glenn Sandgren*

On January 7, 2020, the Company announced that Glenn Sandgren has been appointed to the position of Chief Executive Officer effective February 10, 2020. Mr. Sandgren has also been appointed to the Board of Directors of the Company, also effective February 10, 2020. Prior to joining the Company, Mr. Sandgren, 59, served as President and Chief Executive Officer of Pallidus, Inc. since December 2015.

In connection with this appointment, Mr. Sandgren will receive an annual base salary of \$275,000 and an initial signing bonus of \$30,000, will be eligible for an annual cash incentive under the Company’s cash incentive plan for fiscal 2020 with a target incentive opportunity of 50% of his base salary, will receive annual grants of 10,000 stock options under the Company’s 2019 Equity Incentive Plan (the Equity Plan”) for the first five years of his employment and other such compensation as described in the Employment Agreement. The stock options underlying each annual grant will vest pro rata over three years and remain exercisable for ten years from the grant date, subject to Mr. Sandgren meeting the conditions for exercise set forth in the Equity Plan.

Item 7.01. Regulation FD Disclosure.

On January 7, 2020, the Company issued a press release announcing the events discussed in Item 5.02 above, the text of which is furnished as Exhibit 99 hereto and incorporated herein by reference. The information contained in this Item 7.01 and Exhibit 99 is being furnished, and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under Section 18. Furthermore, the information contained in this Item 7.01 and Exhibit 99 shall not be deemed to be incorporated by reference into the Company’s filings under the Securities Act of 1933, as amended, or the Exchange Act.

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Item 9.01. Financial Statements and Exhibits

(d) Exhibit

**Exhibit  
Number**

**Description**

10.1  
10.2  
99

[Transition Agreement, dated January 7, 2020, between the Company and William C. Ulland.](#)  
[Employment Agreement, dated January 7, 2020, between the Company and Glenn Sandgren.](#)  
[Press Release dated January 7, 2020](#)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IKONICS CORPORATION

Date: January 9, 2020

/s/ Jon Gerlach  
\_\_\_\_\_  
Jon Gerlach  
Chief Financial Officer  
and Vice President of Finance

**TRANSITION AGREEMENT**

This Transition Agreement (“Agreement”) is entered into on January 7, 2020 (the “Effective Date”), by and between Ikonics Corp. (the “Company”), and William Ulland (“Executive”).

**RECITALS**

- A. Executive is employed by the Company as its Chief Executive Officer and serves as the Chair of the Company’s Board of Directors (“Board”).
- B. Executive will retire from the Company. In connection with his retirement, Executive and the Company have agreed to conclude their employment relationship amicably and to continue Executive’s role as the Chairman of the Company’s Board of Directors (the “Board”), but mutually recognize that the termination of the employment relationship may give rise to potential claims or liabilities.
- C. Executive and the Company desire to resolve all of Executive’s potential claims on the terms set out in this Agreement.

NOW THEREFORE, in consideration of the mutual promises and provisions contained in this Agreement and the Release referred to below, the parties, intending to be legally bound, agree as follows:

**AGREEMENT**

For the consideration described below, the adequacy of which the parties acknowledge, Executive and the Company, intending to be bound, agree as follows:

**1. Transition Period.**

(a) **Anticipated Transition.** Subject to the terms and conditions of this Agreement, the Company hereby agrees to continue Executive’s employment, and Executive hereby accepts continued employment by the Company, for the period (the “Transition Period”) commencing on the Effective Date and continuing until the earlier of (a) February 10, 2020 (the “Anticipated Separation Date”), (b) the date on which Executive’s employment is earlier terminated under Section 6, or (c) the date on which the Company and Executive mutually agreed Executive’s employment shall end. The effective date of the termination of Executive’s employment with the Company for any reason is referred to herein as the “Separation Date.” As of the Separation Date, Executive agrees to resign as the Company’s Chief Executive Officer.

(b) **Other Termination.** Unless Executive’s employment is terminated before the Anticipated Separation Date as a result of Executive’s resignation for any reason or the Company terminating Executive’s employment for Cause (as defined below), Executive’s termination of employment with the Company will be effective as of the Anticipated Separation Date. For purposes of this Agreement, “Cause” means (a) the willful refusal by Executive to perform Executive’s employment duties, including failure to complete the transition duties described in Section 3 in a timely and professional manner, during the Transition Period; (b) Executive’s material violation of this Agreement, the Confidentiality Agreement, or any Company policy; (c) Executive willfully engaging in illegal conduct; or (d) Executive’s engagement in acts of material dishonesty.

**2. Compensation and Benefits During Transition Period.** While Executive is employed by the Company during the Transition Period, (a) the Company will maintain Executive's current base salary, payable according to the Company's regular payroll schedule and subject to all legally required and authorized withholdings, and (b) Executive will be eligible to participate in all employee benefit plans and programs generally available from time to time to employees of the Company, to the extent that Executive meets the eligibility requirements for each individual plan or program and subject to the provisions, rules, and regulations of, or applicable to, the plan or program. Except as set forth in this Section 2, Executive will not be eligible to receive any other form of compensation of any kind during the Transition Period.

**3. Duties and Authority.** During the Transition Period, Executive shall properly and timely perform those duties requested by the Company from time to time. Executive shall perform all such duties diligently and in good faith. The Company may relieve Executive of any or all duties during the Transition Period. During the Transition Period, Executive shall follow all applicable policies and procedures adopted by the Company, including without limitation policies related to business ethics, conflict of interest, confidentiality and protection of trade secrets, and shall not engage in any activity during the Transition Period that violates Executive's obligations under the Confidentiality Agreement (as defined below) or that is detrimental or is reasonably likely to be detrimental to the Company's best interests.

**4. Confidentiality Agreement.** In consideration for the benefits provided to Executive under this Agreement, Executive agrees to execute and return the Agreement Regarding Non-Disclosure of Confidential Information and Non-Competition attached to this agreement as Exhibit B (the "Confidentiality Agreement"). Executive acknowledges entering into the Confidentiality Agreement in exchange for valid consideration and hereby affirms all of Executive's obligations under the Confidentiality Agreement that remain in effect during the Transition Period and that survive the Separation Date. Executive further represents that Executive has not violated any of Executive's obligations under the Confidentiality Agreement. It shall not be a violation of the Confidentiality Agreement for Executive to discuss Confidential Information (as defined in the Confidentiality Agreement) with officers, directors, or other key stakeholders of the Company that are similarly bound by agreements regarding the non-disclosure of Company confidential information.

**5. Early Termination.** The Company will not terminate Executive's employment before the Anticipated Separation Date, or such other date agreed between the Company and Executive, for any reason other than Cause (as defined in Section 1). Upon the termination of Executive's employment for any reason, the Company will pay to Executive such compensation that has been earned under this Agreement but not paid to Executive as of the Separation Date, payable in accordance with the Company's normal payroll policies and procedures. If, prior to the Anticipated Separation Date, the Company terminates Executive's employment for Cause, or Executive terminates Executive's employment for any reason before the Anticipated Separation Date, then Executive's sole entitlement will be compensation that has been earned but not paid to Executive as of the Separation Date and Executive will not be eligible to receive the Severance Payment (as defined below).

**6. Severance Payment.**

(a) **Payment.** In consideration of the commitments under this Agreement, and subject to the conditions below, the Company will pay Executive severance pay of \$225,000, less all legally required and authorized withholdings (the "Severance Payment"), payable in a single lump sum on the Company's first normal payroll date following the expiration of the rescission period applicable to the Release (as defined below).

(b) **Additional Commitments.** In exchange for the benefits provided under this Agreement, Executive agrees that on or within 21 days after the Separation Date Executive will sign a release in the form substantially as attached hereto as Exhibit A (the "Release"). This Agreement will not be interpreted or construed to limit the Release in any manner. The existence of any dispute respecting the interpretation of this Agreement or the alleged breach of this Agreement will not nullify or otherwise affect the validity or enforceability of the Release.

(c) **Conditions.** The Company shall not be obligated to provide the Severance Payments unless and until Executive (i) signs this Agreement, and signs and does not rescind the Release within the time periods set forth in the Release, (ii) remains employed until the Anticipated Separation Date (or such other date as mutually agreed between Executive and the Company), (iii) signs and returns the Confidentiality Agreement, and (iv) is in compliance with Executive's obligations under this Agreement, the Release and the Confidentiality Agreement.

**7. Board Service.**

(a) **Role.** Unless Executive's employment with the Company is terminated for Cause, Executive shall continue to serve as the Chairman of the Company's Board of Directors (the "Board") immediately following the Separation Date. Executive's subsequent service on the Board shall be subject to annual election by the Company's shareholders.

(b) **Compensation.** During his service as Chairman, Executive shall receive a retainer fee of \$4,000 per quarter and an additional \$4,000 fee per Board meeting in which Executive serves as Chairman. These fees may be adjusted by the Board in accordance with its normal review processes, provided however, each of the quarterly retainer fee and per meeting fees for Executive in connection with his service as Chairman of the Board will be the greater of (i) \$4,000, or (ii) twice the fees of other directors (excluding any director who is designated as a financial expert).

(c) **Additional Entitlements.** During his service as Chairman of the Board, the Company shall provide Executive (i) an office at the Ikonics West location for use in connection with his responsibilities as Chairman for the 2020 calendar year, and (ii) Executive's annual dues for the Kitchi Gammi Club. If Executive's service as Chairman terminates, the Company may discontinue these entitlements.

**8. Return Of Property.** Upon termination of Executive's employment with the Company, or at any earlier time upon request from the Company, Executive shall deliver promptly to the Company all Company materials and property that may be in Executive's possession or under Executive's control, including without limitation all confidential or proprietary information and any computers, credit cards, keys, records, files, documents, data, photographs, video tapes, audio tapes, computer disks and other computer storage media, except to the extent any Company property is anticipated to be used in connection with Executive's continued service on the Board. The Company will allow Executive to keep his Company iPad and cellphone, provided the Company receives satisfactory confirmation that all Company property has been removed (except that required for him to perform his services to the Board). The Company will also cooperate with Executive to transfer his Company telephone number to a personal cellular phone plan.

**8. Agreement Regarding Confidentiality.** To the fullest extent permitted by law, Executive agrees that the terms of this Agreement and the Release are confidential and that Executive may not disclose those terms to any person except: (a) as required by law; (b) as permitted under the terms of the Release; or (c) to Executive's attorneys, spouse and tax advisors, provided they agree to keep the terms of this Agreement and the Release confidential.

**9. Non-Admission.** Nothing in this Agreement or the Release is intended to be, nor will be deemed to be, an admission by the Company that it has violated any law or that it has engaged in any wrongdoing.

**10. Entire Agreement.** This Agreement and its Exhibits constitute the entire agreement between the parties with respect to the subject matter of this Agreement (including the Confidentiality Agreement), including the termination of Executive's employment with the Company, and the Company and Executive agree that there were no inducements or representations leading to the execution of this Agreement except as stated in this Agreement.

**11. Amendment.** This Agreement may be amended only by a writing that is signed by me and an authorized representative of the Company.

**12. Assignment.** The rights and obligations of the Company under this Agreement shall inure to the benefit of and shall be binding upon its agents, employees, successors, assigns, heirs, attorneys, trustees, estates and representatives. The rights and obligations of Executive under this Agreement shall not be subject to transfer or assignment by Executive without the written consent of the Company.

**13. Governing Law and Jurisdiction.** This Agreement and the Release shall be interpreted and construed in accordance with the laws of Minnesota, without regard to conflict of laws principles. Minnesota state or federal courts will have personal and subject-matter jurisdiction over any litigation arising out of or relating to this Agreement or the Release. Any action involving claims for interpretation, breach or enforcement of this Agreement or the Release shall be brought in such courts. Executive and the Company consent to personal jurisdiction over them in the state and/or federal courts of Minnesota and each hereby waives any defense of lack of personal jurisdiction or inconvenient forum.

*[signature page follows]*



Dated: January 7, 2020

/s/ William Ulland  
William Ulland

Dated January 7, 2020

IKONICS CORPORATION

By: /s/ Marianne Bohren  
Name: Marianne Bohren  
Its: Director

*Signature page to Ulland Transition Agreement*

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**EXHIBIT A**  
**RELEASE BY**  
**WILLIAM ULLAND**

**Definitions.** I intend all words used in this Release by William Ulland (“Release”) to have their plain meanings in ordinary English. Specific terms that I use in this Release have the following meanings:

- A. I, me, and my includes me (William Ulland) and anyone who has or obtains any legal rights or claims through me.
  - B. Ikonics means Ikonics Corporation and any entity related to Ikonics Corporation in the present or past, including without limitation, its predecessors, parents, subsidiaries, members, affiliates, and divisions, and any successors of Ikonics Corporation.
  - C. Company means Ikonics; the present and past officers, directors, committees, shareholders and employees of the Company; any company providing employment or employee benefit services to the Company in the past or present, and the present and past fiduciaries of such plans (other than multiemployer plans); the attorneys for the Company; and anyone who acted on behalf of the Company or on instructions from the Company.
  - D. Severance Payment has the meaning given to such term in the Transition Agreement.
  - E. Confidentiality Agreement has the meaning given to such term in the Transition Agreement.
  - F. Separation Date has the meaning given to such term in the Transition Agreement.
  - G. Transition Agreement means the Transition and Separation Agreement by and between Ikonics and me that I signed on January 7, 2020.
  - H. My Claims means all of my rights that I now have to any relief of any kind from the Company, including without limitation:
    - 1. all claims arising out of or relating to my employment with Ikonics or the termination of that employment;
    - 2. all claims arising out of or relating to the statements, actions, or omissions of the Company;
    - 3. all claims arising out of or relating to any agreements (whether express or implied) to which I and the Company are parties;
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4. all claims for any alleged unlawful discrimination, harassment, retaliation or reprisal, or other alleged unlawful practices arising under any federal, state, or local statute, ordinance, or regulation, including without limitation, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act and the ADA Amendments Act (“ADA”), the Age Discrimination in Employment Act (“ADEA”), 42 U.S.C. § 1981, the Family Medical Leave Act (“FMLA”), the Executive Retirement Income Security Act (“ERISA”), the Worker Adjustment and Retraining Notification Act (“WARN”), the Lilly Ledbetter Fair Pay Act of 2009, the Genetic Information Nondiscrimination Act, the Fair Credit Reporting Act, the National Labor Relations Act (“NLRA”), the Minnesota Human Rights Act (Minnesota Statutes Chapter 363A), Minnesota Statutes Chapter 181, and workers’ compensation non-interference or non-retaliation statutes (such as Minn. Stat. § 176.82);
5. all claims for alleged wrongful discharge; breach of contract; breach of implied contract; failure to keep any promise; breach of a covenant of good faith and fair dealing; breach of fiduciary duty; estoppel; defamation; infliction of emotional distress; fraud; misrepresentation; negligence; harassment; retaliation or reprisal; constructive discharge; assault; battery; false imprisonment; invasion of privacy; interference with contractual or business relationships; any other wrongful employment practices; and violation of any other principle of common law;
6. all claims for compensation of any kind and employee benefits of any kind relating to my employment, including without limitation, bonuses, commissions, deferred compensation, stock options, equity awards or equity-based compensation in any form, vacation pay, perquisites, relocation expenses and expense reimbursements;
7. all claims for back pay, front pay, reinstatement, other equitable relief, compensatory damages, damages for alleged personal injury, liquidated damages, and punitive damages;
8. all claims that a past unlawful decision has or has had a continuing effect on my compensation; and
9. all claims for attorneys’ fees, costs, and interest.

However, My Claims do not include (i) any claims for unemployment benefits, (ii) any claims that the law does not allow to be waived, (iii) any claims related to my compensation for my service on the Ikonics Board of Directors, or (iv) any claims that may arise after the date on which I sign this Release.

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**Agreement to Release My Claims.** I acknowledge and agree that Ikonics has agreed to provide me the Severance Payment in connection with the Transition Agreement, and that if I do not sign, or I rescind this Release as provided below, Ikonics shall be relieved of its obligations to provide the Severance Payment. I understand and acknowledge that the Severance Payment is in addition to anything of value that I would be entitled to receive from Ikonics if I did not sign this Release or if I rescinded this Release. In exchange for the commitments of Ikonics under the Transition Agreement I give up and release all of My Claims. I will not make any demands or claims against the Company for compensation or damages relating to My Claims. The Severance Payment that I am receiving is a fair compromise for the release of My Claims. Furthermore, I understand and agree that, with the exception of money provided to me by a governmental agency as an award for providing information, I am not entitled to receive any money or other relief in connection with My Claims, regardless of who initiated or filed the charge or other proceeding. Furthermore, My Claims include my right to recover any damages or other relief in any administrative charge before the Equal Employment Opportunity Commission or any similar state or local agency or any court action based on any such charge.

**No Other Rights To Compensation.** I understand and acknowledge that, except as provided in this Release, and subject to the terms and conditions of this Release, the Company is not obligated to make any payments to me of any kind and does not have any other outstanding obligations to me under any agreement or arrangement between me and the Company or under any Company plan or policy.

**Additional Agreements and Understandings.** Even though Ikonics will provide the Severance Payment in exchange for me to settle and release My Claims, the Company does not admit that it is responsible or legally obligated to me. In fact, the Company denies that it is responsible or legally obligated to me for My Claims, denies that it engaged in any unlawful or improper conduct toward me, and denies that it treated me unfairly.

**Confirmation of Obligations Under The Confidentiality Agreement.** I acknowledge entering into the Confidentiality Agreement, represent that I have not violated any terms included in the Confidentiality Agreement, and hereby reaffirm my agreement to remain bound by, and to abide by, all terms of the Confidentiality Agreement that survive my Separation Date.

**Confidentiality.** To the fullest extent permitted by law, I agree that the terms of this Release are confidential and that I may not disclose those terms to any person except: (a) as required by law; or (b) to my attorneys, spouse and tax advisors, provided they agree to keep the terms of this Release confidential. Notwithstanding any other language in this Release or the Confidentiality Agreement to the contrary, I understand that I may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney if such disclosure is made solely for the purpose of reporting or investigating a suspected violation of law or for pursuing an anti-retaliation lawsuit; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and you do not disclose the trade secret except pursuant to a court order.

**Non-Disparagement.** To the fullest extent permitted by law, I agree that I will not make any false, disparaging or derogatory statements to anyone, including but not limited to any media outlet, industry group, financial institution, current or former employee, consultant, client or customer of Ikonics regarding the Company or about the Company's business affairs and financial condition, capability or any other aspect of the Company's business, and I will not engage in any conduct which is intended to, or does, harm professionally or personally the reputation of the Company.

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**Cooperation.** In partial consideration for the Severance Payment being paid to me under the Transition Agreement, to the fullest extent permitted by law, I agree to cooperate with the Company's reasonable requests, subject to my own availability, in: (a) providing information; (b) resolving questions; or (c) transitioning any responsibilities of information, pertaining to any matters which arose during my employment by Ikonics about which I have or may have knowledge of the underlying facts or for which I had responsibility during my employment with Ikonics.

**Return Of Property.** I represent that I have delivered to Ikonics all Company property that was previously in my possession or under my control, including without limitation any computers, credit cards, keys, records, files, documents, data, computer disks and other computer storage media, except for that property required for my continued service on the Ikonics Board of Directors and that property I am specifically entitled to maintain under the Transition Agreement.

**No Unlawful Restriction.** I understand and agree that nothing in this Release, including the Confidentiality, Non-Disparagement and Cooperation provisions above, is intended to or will: (a) impose any condition, penalty, or other limitation on my rights to challenge this Release; (b) constitute an unlawful release of my rights; or (c) prevent or interfere with my ability or right to provide truthful testimony if under subpoena to do so, to file any charge with or participate in any investigation or proceeding before the U.S. Equal Employment Opportunity Commission or any other federal, state or local governmental agency, or to respond to a subpoena, court order or as otherwise provided by law.

**Advice to Consult with an Attorney.** I understand and acknowledge that I am hereby being advised by the Company to consult with an attorney prior to signing this Release. My decision whether to sign this Release is my own voluntary decision made with full knowledge that the Company has advised me to consult with an attorney.

**Period to Consider the Release.** I understand that I have 21 calendar days from the Separation Date or the date on which I receive this Release, whichever is later and not counting the Separation Date or the date on which I receive this Release (as applicable), to consider whether I wish to sign this Release. If I sign this Release before the end of the 21-day period, it will be my voluntary decision to do so because I have decided that I do not need any additional time to decide whether to sign this Release. I also agree that any changes made to this Release before I sign it, whether material or immaterial, will not restart the 21-day period.

**My Right to Rescind this Release.** I understand that I may rescind this Release at any time within 15 calendar days after I sign it, not counting the day upon which I sign it. This Release will not become effective or enforceable unless and until the 15-day rescission period has expired without my rescinding it.

**Procedure for Accepting or Rescinding the Release.** To accept the terms of this Release, I must deliver this Release, after I have signed and dated it, to Ikonics by hand or by mail within the 21-day period that I have to consider this Release. To rescind my acceptance, I must deliver a written, signed statement that I rescind my acceptance to Ikonics by hand or by mail within the 15-day rescission period. All deliveries must be made to Ikonics at the following address:

Ernest Harper  
Ikonics Corporation  
4832 Grand Avenue  
Duluth, MN 55807

If I choose to deliver my acceptance or the rescission of my acceptance by mail, it must be (1) postmarked within the period stated above; and (2) properly addressed to Ikonics at the address stated above.

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**Entire Agreement.** This Release, the Transition Agreement, and the Confidentiality Agreement constitute the entire agreement between me and the Company with respect to the subject matter of this Release, the Transition Agreement, and the Confidentiality Agreement, including the termination of my employment with the Company, and I agree that there were no inducements or representations leading to the execution of this Release except as stated in this Release, the Transition Agreement, and the Confidentiality Agreement.

**Amendment.** This Release may be amended only by a writing that is signed by me and an authorized representative of the Company.

**Waiver.** No term or condition of this Release shall be deemed to have been waived except by a statement in writing signed by the party against whom the enforcement of the waiver is sought. The waiver by the Company of the breach or nonperformance of any provision of this Release by me will not operate or be construed as a waiver of any future breach or nonperformance under any such provision of this Release.

**Governing Law and Jurisdiction.** This Release shall be governed by and interpreted in accordance with the laws of the State of Minnesota, without regard to conflicts of law provisions. Minnesota state or federal courts will have personal and subject-matter jurisdiction over any litigation arising out of or relating to this Release. Any action involving claims for interpretation, breach or enforcement of this Release shall be brought in such courts. I consent to personal jurisdiction over me in the state and/or federal courts of Minnesota and hereby waive any defense of lack of personal jurisdiction or inconvenient forum.

**Severability.** In case any one or more of the provisions of this Release is determined invalid, illegal, or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Release will not in any way be affected or impaired thereby.

**Heirs, Successors, and Assigns.** This Release shall be binding upon me and my heirs, administrators, representatives, or executors, and upon the Company' successors or assigns. No assignment of this Release may be made by me, and any such purported assignment shall be null and void. The Company may assign its rights or obligations under this Release to any successor or assign of the Company without further consent by me.

**Interpretation of the Release.** This Release should be interpreted as broadly as possible to achieve my intention to resolve all of My Claims against the Company. If this Release is held by a court to be inadequate to release a particular claim encompassed within My Claims, this Release will remain in full force and effect with respect to all the rest of My Claims.

**My Representations.** I am legally able and entitled to receive the Consideration being provided to me in settlement of My Claims. I have not been involved in any personal bankruptcy or other insolvency proceedings at any time since I began my employment with the Company. No child support orders, garnishment orders, or other orders requiring that money owed to me by Ikonics be paid to any other person are now in effect.

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I represent and confirm that I have been fully paid for all wages, overtime, commissions, bonuses, and other compensation that I have earned through the date of this Release.

I have read this Release carefully. I understand all of its terms. In signing this Release, I have not relied on any statements or explanations made by the Company except as specifically set forth in this Release, the Transition Agreement, and the Confidentiality Agreement. I am voluntarily releasing My Claims against the Company. I intend this Release to be legally binding.

Dated: \_\_\_\_\_

\_\_\_\_\_  
William Ulland

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## Exhibit B

### IKONICS CORPORATION AGREEMENT REGARDING NON-DISCLOSURE OF CONFIDENTIAL INFORMATION AND NON-COMPETITION

#### 1. INTRODUCTION

Ikonics Corporation (“Ikonics”) and William Ulland (“Executive”) acknowledges that Ikonics will disclose or has already disclosed to Executive certain Confidential Information as defined in Section 2. Executive recognizes that the Confidential Information is a business asset of Ikonics, the value of which can only be protected by maintaining the secrecy of the Confidential Information. Executive further acknowledges that in the course of his employment by Ikonics, Executive will establish or has already established personal contacts and relationships with Ikonics’ customers and that such personal contacts and relationships are valuable business assets of Ikonics.

Executive, therefore, enters into this Agreement Regarding Non-Disclosure of Confidential Information and Non-Competition (“Agreement”) in consideration of Ikonics’ offer continuing employment and other transition arrangements, in consideration of being given access to Confidential Information, and for other good and valuable consideration. Executive and Ikonics, intending to be legally bound, agree as follows:

#### 2. DEFINITIONS. For the purposes of this Agreement:

- (a) “Ikonics” means the IKONICS CORPORATION, its successors in interest, assigns, and all of its parent, subsidiary or affiliate corporations and the operating divisions thereof.
  - (b) “Confidential Information” means any information that Executive learns or develops during the course of employment with Ikonics that derives independent economic value from not being generally known, or not being readily ascertainable by proper means, by other persons who can obtain economic value from the disclosure or use of such information. Such information includes, but is not limited to, Ikonics’ sales and marketing information, information about new or future products, lists of Ikonics’ customers and information about customer purchases and preferences, business strategies, financial information, personnel information, information regarding research and development, manufacturing processes or management systems and any other information which provides Ikonics with a competitive advantage or is otherwise confidential or proprietary information of Ikonics.
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- (c) “Inventions” means any improvement, discovery, writing, formula or idea (whether or not patentable or subject to copyright protection) relating to the existing or reasonably foreseeable business interests of Ikonics or resulting from any work performed by Executive for Ikonics. Inventions include, but are not limited to, methods, techniques, manufacturing practices or processes, and improvements thereof or know-how related thereto, as well as any copyrightable material and any trademark or trade name whether or not subject to trademark protection.
- (d) “Ikonics Product” means any actual or projected product, product line or service that has been designed, developed, manufactured, marketed or sold by Ikonics during Executive’s employment with Ikonics or regarding which Ikonics has conducted or acquired research and development during Executive’s employment with Ikonics.
- (e) “Competitive Product” means any actual or projected product, product line or service that has been or is being designed, developed, manufactured, marketed or sold by anyone other than Ikonics which performs similar functions or is used for the same or similar general purposes as an Ikonics Product.
- (f) “Solicitation of Sales” means activities intended to acquire sales or influence customers to establish, continue, or increase business, including without limitation, providing information or conducting demonstrations in anticipation of sales as well as other acts of service including, but not limited to, delivery and maintenance.
- (g) “Ikonics Customer” means any person or entity with whom Executive had contact of any sort for the purpose of selling, marketing, promoting or servicing any Ikonics Product during the time Executive was employed by Ikonics.

### 3. NON-COMPETITION

During the term of employment and for a period of two (2) years following termination of employment, for whatever reason (the “Restricted Period”), Executive will not directly or indirectly, participate in or support the sale of, Solicitation of Sales of, or marketing of any Competitive Product, including the participation in or supporting the sale of, Solicitation of Sales of, or marketing of any Competitive Product to any Ikonics Customer.

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During the Restricted Period, Executive shall not, directly or indirectly, solicit, encourage, or attempt to solicit any Ikonics Customer to reduce or otherwise adversely change its relationships with Ikonics.

During the Restricted Period, Executive will not induce or attempt to induce any Ikonics Executive or contractor for whom Executive had direct or indirect managerial or supervisory responsibilities to leave his employment or engagement with Ikonics, or otherwise induce or attempt to induce an adversely impact to any Executive's employment or relationship with Ikonics. Such prohibition includes, without limitation, all acts of recruitment including offering employment, seeking expressions of interest in employment or discussing employment opportunities.

The restrictions contained in this Section 3 shall apply regardless of whether Executive acts directly or indirectly; or whether Executive acts personally or as an employee, agent, supervisor, manager, or otherwise for another.

#### 4. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION

Executive agrees not to disclose, during the course of Executive's employment by Ikonics or thereafter, in any manner to any person not employed by Ikonics, any Confidential Information, except to the extent that such disclosure or use is directly related to and required by Executive's performance in good faith of duties assigned to Executive by Ikonics. Executive will take all appropriate steps to safeguard Confidential Information in Executive's possession and to protect it against disclosure, misuse, espionage, loss and theft. Executive understands that such obligation is not only contractual, but is specified in Minnesota Statutes § 325C. Within twenty-four (24) hours of termination of Executive's employment with Ikonics, for whatever reason, Executive agrees to return to Ikonics all originals and copies of documents containing Confidential Information as well as all documents generated by Executive on behalf of Ikonics and all documents relating to the business of Ikonics from any source whatsoever.

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Nothing in this Agreement will preclude, prohibit or restrict Executive from (i) communicating with any federal, state or local administrative or regulatory agency or authority, including but not limited to the Securities and Exchange Commission (the "SEC"); (ii) participating or cooperating in any investigation conducted by any governmental agency or authority; or (iii) filing a charge of discrimination with the United States Equal Employment Opportunity Commission or any other federal state or local administrative agency or regulatory authority. Nothing in this Agreement, or any other agreement between the parties, prohibits or is intended in any manner to prohibit, Executive from (1) reporting a possible violation of federal or other applicable law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the SEC, the U.S. Congress, and any governmental agency Inspector General, or (2) making other disclosures that are protected under whistleblower provisions of federal law or regulation. This Agreement does not limit Executive's right to receive an award (including, without limitation, a monetary reward) for information provided to the SEC. Executive does not need the prior authorization of anyone at Ikonics to make any such reports or disclosures, and Executive is not required to notify Ikonics that Executive has made such reports or disclosures. Nothing in this Agreement or any other agreement or policy of Ikonics is intended to interfere with or restrain the immunity provided under 18 U.S.C. §1833(b). Executive understands he cannot be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (x) (A) in confidence to federal, state or local government officials, directly or indirectly, or to an attorney, and (B) for the purpose of reporting or investigating a suspected violation of law; (y) in a complaint or other document filed in a lawsuit or other proceeding, if filed under seal; or (z) in connection with a lawsuit alleging retaliation for reporting a suspected violation of law, if filed under seal and does not disclose the trade secret, except pursuant to a court order.

## 5. INVENTIONS AND PROPRIETARY INFORMATION

(a) Executive will grant and does hereby grant to Ikonics the sole and exclusive ownership of, including the sole and exclusive right to reproduce, use or disclose for any purpose, any and all reports, drawings, blueprints, software code, computer programs, data, writings and technical information made or prepared by Executive alone or with other during the term of Executive's employment, whether or not made or prepared in the course of Executive's employment, that relate to apparatus, compositions of matter or methods pertaining to Ikonics' business. Executive acknowledges that all such reports, drawings, blueprints, software code, computer programs, data, writings and technical information are property of Ikonics.

(b) Executive will promptly disclose to Ikonics in writing all Inventions and proprietary information that Executive alone or with others conceives, generates, or reduces to practice, during or after working hours, while Executive is an employee of Ikonics; and all such Inventions and proprietary information shall be the exclusive property of Ikonics and are hereby assigned to Ikonics, except as otherwise specifically agreed to by Ikonics in writing.

(c) Executive will, at Ikonics' expense, give Ikonics all assistance it reasonably requires to perfect, protect and use its rights to Inventions and proprietary information. In particular, but without limitation, Executive will sign all documents, do all things, and supply all information that Ikonics may deem necessary or desirable to (1) transfer or record the transfer of Executive's entire right, title and interest in Inventions and proprietary information; and (2) enable Ikonics to obtain patent, copyright or trademark protection for Inventions anywhere in the world.

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(d) The obligations to transfer and assign intellectual property rights shall not apply to (1) all patents issued in Executive's name alone or with others, prior to the date of signing this Agreement; (2) Inventions for which no equipment, supplies, facility or trade secret information of Ikonics were used and which are developed entirely on Executive's own time, and (a) which do not relate directly to the business of Ikonics or to Ikonics' actual or demonstrably anticipated research or development, or (b) which do not result from any work performed by me for Ikonics.

6. INJUNCTIVE RELIEF

Executive agrees that Ikonics remedy at law for breach of this Agreement is inadequate. Ikonics, therefore, shall be entitled to injunctive relief to enforce the terms of this Agreement, in addition to any other remedy Ikonics might have.

7. SEVERABILITY

The invalidity of any portion of this Agreement shall not impair or affect enforceability of the remainder. If any of these restrictions is determined to be unenforceable as to duration or extent, or for any reason whatsoever, such restriction shall be effective for such period of time and for such extent as it may be enforceable.

8. PRIOR AGREEMENTS

This Agreement and any prior non-compete and non-disclosure agreements signed by Executive in connection with his or her employment at Ikonics shall constitute a single agreement. In case of conflict between any provision of this Agreement and any provision of any other such agreement, the provisions of this Agreement shall control. If the provisions of this Agreement so selected are determined to be unenforceable as written, then they shall be interpreted in accordance with Section 7 (Severability) to make them enforceable to the maximum extent provided by law. If the provisions of this Agreement so selected are determined to be unenforceable in their entirety and cannot be revised pursuant to Section 7 (Severability) to make them enforceable, then such provisions shall give way to the most restrictive provision in any other such agreement which covers the same issue and which is enforceable. There are no agreements, representations, or warranties relating to the subject matter of this Agreement which are not set forth in this Agreement and the prior non-compete and non-disclosure agreements (if any) signed by Executive.

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9. NON-EMPLOYMENT AGREEMENT

This Agreement is not an employment contract and does not give Executive any right to continued employment. Executive acknowledges that his employment with Ikonics is terminable at will at any time by either party.

10. GOVERNING LAW/CONSENT TO PERSONAL JURISDICTION

This Agreement will be construed and enforced in accordance with the laws of the State of Minnesota. Executive hereby consents to the exercise of personal jurisdictions over him by the courts of the State of Minnesota.

**IKONICS CORPORATION**

**EXECUTIVE**

BY \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

DATE \_\_\_\_\_

\_\_\_\_\_  
(Printed Name)

DATE \_\_\_\_\_

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), made as of the 7th day of January, 2020 (the "Effective Date"), between Ikonics Corporation (the "Company"), and Glenn Sandgren ("Executive").

WHEREAS, the Company desires to employ Executive to serve as its Chief Executive Officer;

WHEREAS, Executive desires to accept employment with the Company; and

WHEREAS, the parties wish to define the terms and conditions of Executive's employment by the Company as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Employment, Acceptance and Term.

1.1 Subject to the terms and conditions of this Agreement, the Company hereby agrees to employ Executive, and Executive agrees to serve the Company as its Chief Executive Officer, reporting to the Company's Board of Directors ("Board"), effective as of February 10, 2020 (the "Start Date").

1.2 Unless Executive's employment with the Company is terminated by either the Company or Executive in the manner and on the terms provided in Section 5, the term of Executive's employment with the Company under the terms and conditions of this Agreement will be for the period commencing on the Start Date and ending on the one (1) year anniversary of the Start Date (the "Initial Term"). On the one (1) year anniversary of the Start Date, and on each succeeding one (1) year anniversary of the Start Date (each an "Anniversary Date"), the Term shall be automatically extended until the next Anniversary Date (each a "Renewal Term"), subject to termination on an earlier date in accordance with Section 5 or unless either party gives written notice of non-renewal to the other party at least ninety (90) days prior to the Anniversary Date on which this Agreement would otherwise be automatically extended that the party providing such notice elects not to extend the Term. The Initial Term together with any Renewal Terms is the "Term."

1.3 Executive hereby represents and confirms that Executive is under no contractual or legal commitments that would prevent Executive from fulfilling Executive's duties and responsibilities as set forth in this Agreement.

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## 2. Duties and Authority.

2.1 Position and Duties. During the Term, Executive shall be the Company's Chief Executive Officer, and shall be responsible for managing all actions of the Company and other projects as assigned by the Board from time to time. During the Term: (i) Executive shall use his reasonable best efforts, skill and abilities to promote and protect the interests of the Company and devote sufficient time and energy to the business and affairs of the Company to perform the duties identified in this Agreement; (ii) Executive shall not allow his personal business efforts to unreasonably interfere with the performance of his duties hereunder; (iii) Executive shall report to the Board; and (iv) Executive shall perform faithfully, diligently and to the best of his abilities such functions as are reasonably appropriate for his position, and such other functions of a similar nature as are assigned to Executive by the Board. At all times during the Term, Executive shall comply with all of the Company's rules, regulations and policies from time to time in effect, including without limitation any code of conduct, policies addressing discrimination or harassment, and any other written policies adopted by the Company from time to time. If Executive remains employed by the Company after the Term ends for any reason, then such continued employment shall be according to the terms and conditions established by the Company from time to time (provided that any provisions of this Agreement that by their terms survive the termination of the Term shall remain in full force and effect).

2.2 Board Appointment. The Company shall initially appoint Executive for election to the Company's Board. Subsequent elections to the Board will be based on an annual election by the Company's shareholders. The Company makes no guarantee regarding Executive's appointment to the Board following the initial appointment.

## 3. Compensation.

3.1 Base Salary. With effect from the Start Date, and during the Term, the Company shall pay to Executive an initial annualized base salary of \$275,000, payable in accordance with the Company's regular payroll practices (the "Base Salary"). The Base Salary may be reviewed by the Board on an annual basis as part of the Company's normal review process and adjusted in accordance with business needs.

3.2 Incentive Compensation. In addition to the Base Salary, Executive shall be entitled to receive, from time to time, an annual bonus as determined and set forth by the Board, in accordance with the terms of any applicable incentive plan (the "Annual Bonus"). The Company's current incentive plan provides for an annual bonus of up to 50% of Executive's Base Salary, determined based on factors established by the Board, including individual and Company performance metrics.

3.3 Stock Option Grant. During the first five years of employment during the Term, Executive shall be entitled to receive an annual stock option grant of 10,000 non-qualified stock options for each such year (the "Stock Option Grants"). The initial Stock Option Grant will be granted as soon as reasonably practicable following the Start Date and subsequent grants will be granted as soon as reasonably practicable following each Anniversary Date. Each Stock Option Grant will be subject to the terms and conditions of the Company 2019 Equity Incentive Plan (the "Incentive Plan") and the individual award agreements for such grants, which will include (1) pro-rata vesting over a three-year period following the grant date, and (2) an expiration date of 10 years following the grant date for each award. Any stock option grants beyond the initial five years of employment shall be granted subject to the discretion and approval of the Board

3.4 Sign-On Bonus. Executive shall be entitled to receive a sign-on bonus of \$30,000, subject to applicable withholdings, and payable on or as soon as reasonably practicable following the Start Date. If Executive resigns employment or is terminated by the Company with Cause (as defined below) during the Initial Term, Executive will be required to repay the sign-on bonus.

3.5 Transition Expenses. The Company will reimburse Executive for the reasonable travel, lodging, and meal expenses for two round-trip visits to Duluth for Executive and his spouse to search for housing (both temporary and permanent) and other transition needs. Executive shall provide documentation for the costs associated with such trip in accordance with Company policy and practices.

3.6 Relocation Allowance. As soon as reasonably practicable following the Start Date, the Company shall provide Executive (1) a lump-sum relocation allowance of \$20,000, and (2) a temporary housing allowance of \$3,000 per month for the first three months following the Start Date, payable on a monthly basis, each subject to taxes and withholdings. The relocation and temporary housing allowances will be grossed-up to account for the applicable tax obligations for the payments under this Section 3.6. If Executive resigns employment or is terminated with Cause (as defined below) during the Initial Term, Executive will be required to repay the relocation allowance and any portion of the temporary housing allowance paid to him prior to his termination date.

3.7 Expense Reimbursements. During the Term, the Company shall reimburse Executive for all reasonable and necessary business expenses incurred by him in connection with the business of the Company and the performance of his duties and responsibilities under this Agreement in accordance with the Company's policies and procedures regarding reimbursement of expenses.

#### 4. Additional Benefits.

4.1 General. During the Term, Executive shall be eligible to participate in any health, disability, retirement and/or insurance plan now offered or hereafter adopted by the Company for the benefit of employees generally. Executive acknowledges and agrees that Executive will be subject to all eligibility requirements and all other provisions of these benefits plans, and that the Company is under no obligation to Executive to establish and maintain any employee benefit plan in which Executive may participate. The terms and provisions of any employee benefit plan of the Company are matters within the exclusive province of the Board, subject to applicable law.

4.2 Vacation. During the Term, Executive shall initially be entitled to vacation of 200 hours per calendar year ("Vacation"), in accordance with the Company's policies. Any Vacation is to be taken at such time or times as shall be mutually agreed upon between the Company and Executive so as not to disrupt the operations of the business. Executive shall forfeit any and all unused and accrued Vacation upon Executive's termination of employment for any reason, whether by Executive or the Company.



5. Employment Termination.

5.1 Termination Events. The employment of Executive pursuant to the terms of this Agreement shall terminate as upon the happening of any of the following events:

- (a) upon expiration of the Term following notice of non-renewal by one party to the other party in accordance with Section 1.2;
- (b) automatically and without notice if Executive shall die during the Term;
- (c) upon Executive's Disability (as such term is defined in Section 6.3);
- (d) immediately upon the execution of a mutual written agreement to terminate Executive's employment between the Company and Executive;
- (e) immediately upon notice to Executive of termination for Cause by the Company in accordance with Section 5.4;
- (f) upon not less than ninety days written notice to the Company of resignation by Executive (after which the Company may establish an earlier effective date of termination at its discretion);
- (g) immediately upon notice to the Company of termination by Executive for Good Reason in accordance with Section 5.5; or
- (h) immediately upon notice to Executive of termination without Cause by the Company.

5.2 Termination of Employment for Cause, for Disability or Without Good Reason. If Executive's employment hereunder is terminated (i) by the Company for Cause, (ii) by the Company as a result of Executive's Disability, or (iii) by Executive without Good Reason, Executive shall be entitled to receive:

- (a) any accrued but unpaid Base Salary and accrued but unused Vacation, which shall be paid on the pay date immediately following the termination date in accordance with the Company's customary payroll procedures;
- (b) any earned but unpaid Annual Bonus with respect to any completed calendar/fiscal year immediately preceding the Termination Date, which shall be paid on the otherwise applicable payment date; provided that, if Executive's employment is terminated by the Company for Cause or by Executive without Good Reason prior to the applicable payment date, then any such accrued but unpaid Annual Bonus shall be forfeited in accordance with the terms and conditions of the Annual Bonus;
- (c) reimbursement for unreimbursed business expenses properly incurred by Executive, which shall be subject to and paid in accordance with the Company's expense reimbursement policy; and
- (d) such accrued employee benefits (including equity compensation awarded under the Incentive Plan), if any, to which Executive may be entitled under the Company's employee benefit plans as of the Termination Date, subject to the terms and conditions of any such benefits.

Items 5.2(a) through 5.2(d) are referred to herein collectively as the "Accrued Amounts."

5.3 Termination without Cause or for Good Reason. In the event of the termination of Executive's employment during the Severance Eligibility Term (as defined below), due to (i) termination by the Company without Cause, or (ii) termination by Executive for Good Reason, Executive shall be entitled to receive (x) the Accrued Amounts and (y) the Severance Benefits described in Section 6.1, subject to satisfaction of the conditions described therein. For the avoidance of doubt, the Company's failure to renew this Agreement at the end of the Initial Term or any subsequent Renewal Term during the Severance Eligibility Term shall constitute a termination by the Company without Cause.

5.4 Cause. "Cause" shall mean: (i) Executive's breach of a material term, covenant, obligation or provision of or under this Agreement (including any attachments hereto) or Executive's failure or refusal to perform material duties and responsibilities under this Agreement; (ii) Executive's material failure to act subject to and in accordance with any proper and lawful specific direction of the Board or the internal rules and policies established by the Company; (iii) Executive's engagement in gross misconduct, fraud, dishonesty, insubordination, or act of moral turpitude, which is, in each case, materially injurious to the Company in the reasonable determination of the Board; (iv) Executive's alcohol or drug use which adversely impairs Executive's performance of Executive's duties and obligations under this Agreement or adversely impacts the reputation of the Company; or (v) Executive's violation of any material statute governing the business of the Company, or of any material rules or regulations promulgated by any regulatory body governing the Company or its business.

Termination of Executive's employment shall not be deemed to be for Cause unless and until the Company provides written notice, after a reasonable determination from the Board, notifying Executive that he has engaged in conduct described in this provision. Except for a failure, breach, or refusal which, by its nature, cannot reasonably be expected to be cured, Executive shall have ten (10) business days from the delivery of such written notice by the Company within which to cure any acts constituting Cause and shall be given an opportunity, together with counsel, to be heard before the Board during such period; provided however, that, if the Company reasonably expects irreparable injury from a delay of ten (10) business days, the Company may give Executive notice of such shorter period within which to cure as is reasonable under the circumstances, which may include the termination of Executive's employment without notice and with immediate effect. For purposes of this provision, any act, or failure to act, based on authority given pursuant to a resolution duly adopted by the Board or on the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company, and not a basis for a termination for Cause.

5.5 Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, in each case during the Term without Executive's written consent (a) a material reduction in Executive's Base Salary other than a general reduction in Base Salary that affects all similarly situated executives in substantially the same proportions; (b) a material reduction in Executive's Annual Bonus opportunity other than a general reduction in Annual Bonus that affects all similarly situated executives in substantially the same proportions; (c) a relocation of Executive's principal place of employment by more than fifty (50) miles from his then-current principal place of employment; or (d) a material, adverse change in Executive's title, authority, or material duties (other than temporarily while Executive is physically or mentally incapacitated or as required by applicable law).

Executive shall not terminate employment for Good Reason unless Executive has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) days of the initial existence of such grounds and the Company has had at least thirty (30) days from the date on which such notice is provided to cure such circumstances.

5 . 6 Notice Periods. Throughout any notice period required by this Section 5, the Company will continue Executive's Base Salary (payable in accordance with the Company's normal payroll practices) and benefits, in accordance with the applicable terms of such benefit plans or arrangements, and payments shall continue to accrue and be payable under any bonus plan.

5.7 Resignation From Positions. Unless otherwise requested by the Board in writing, upon Executive's termination of employment with the Company for any reason Executive shall automatically resign as of Executive's employment termination date all titles, positions and appointments Executive then holds with the Company or any of its affiliates, whether as an officer, director, trustee or employee (without any claim for compensation related thereto), and Executive hereby agrees to take all actions necessary to effectuate such resignations.

6. Severance.

6.1 Severance Benefits. If Executive's employment with the Company is terminated for reasons described in Section 5.3 within the first five (5) years following the Start Date (the "Severance Eligibility Term"), then, provided that: (i) Executive executes and does not rescind a written document (a "Release") releasing the Company and its affiliates, shareholders, directors, employees, agents, attorneys, representatives, predecessors, successors and assigns from any and all known claims or causes of action based upon any fact, circumstance, or event, existing at or prior to the date of termination (in a form determined by the Company), and (ii) Executive strictly complies with all terms of this Agreement (including any attachments hereto) and any other agreement between Executive and the Company or any of its affiliates, then Executive will be entitled to (the "Severance Benefits"):

(a) severance pay equal to Executive's then-current Base Salary for a period of six months ("Severance Period"), paid in substantially equal installments in accordance with the Company's normal payroll practices during the Severance Period; provided, however, that any installments that otherwise would be payable on the Company's regular payroll dates between Executive's employment termination date and the 60<sup>th</sup> calendar day after such date will be delayed until the Company's first regular payroll date that is more than sixty days after Executive's employment termination date and included with the installment payable on such payroll date, with each such installment being treated as a separate payment for purposes of Code Section 409A;

(b) continued health insurance coverage for the Severance Period following Executive's last day of employment, if Executive elects to continue health insurance coverage under Company's group health insurance plans pursuant to the federal health care continuation law commonly known as COBRA ("COBRA Coverage"); and

(c) immediate vesting of any then granted, but unvested Stock Option Grants, which shall then be exercisable by Executive for a period of one year following Executive's employment termination date.

If Executive's employment with the Company is terminated for reasons described in Section 5.3 during the Severance Eligibility Term within the 12 months following or in connection with a Change in Control (as defined in the Incentive Plan), then subject to the conditions outlined above, the Severance Period for the purpose of determining the Severance Benefits shall be a period of twelve months.

If and to the extent that Severance Benefits are deferred compensation under Internal Revenue Code Section 409A, payments will begin within sixty (60) days after the date of termination, provided however, that if the sixty (60) day period begins in one taxable year and ends in a second taxable year, payments will begin in the second taxable year.

6.3 "Disability" shall mean Executive's inability, due to physical or mental incapacity, to perform the essential functions of Executive's job, with or without reasonable accommodation, for one hundred twenty (120) days out of any three hundred sixty-five (365) day period. Any question as to the existence of Executive's Disability as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of this Agreement.

7. Legal Fees. The Company shall pay or Executive shall be reimbursed for Executive's reasonable legal fees incurred in negotiating and drafting this Agreement up to \$5,000; provided that, any such payment shall be made in accordance with the Company's normal reimbursement policies and, in any event, on or before March 15 of the calendar year immediately following the Effective Date.

8. Indemnification.

8.1 Indemnification of Executive. In the event that Executive is made a party or threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than any action, suit, or proceeding initiated by Executive or the Company related to any contest or dispute between Executive and the Company or any of its affiliates with respect to this Agreement or Executive's employment hereunder) (a "Proceeding"), by reason of the fact that Executive is or was a director or officer of the Company, or any affiliate of the Company, or is or was serving at the request of the Company as a director, officer, member, employee, or agent of another corporation or a partnership, joint venture, trust, or other enterprise, Executive shall be indemnified and held harmless by the Company to the maximum extent permitted under the Company's Bylaws and governance documents, applicable law, and applicable insurance policies as may be in place from time to time, from and against any liabilities, costs, claims, and expenses, including all reasonable costs and expenses incurred in defense of any Proceeding (including reasonable attorneys' fees). Costs and expenses incurred by Executive in defense of such Proceeding (including attorneys' fees) shall be paid by the Company upon receipt by the Company of (i) a written request for payment and (ii) appropriate documentation evidencing the incurrence, amount, and nature of the costs and expenses for which payment is being sought.

8.2 Insurance. During the Term and for a period of six (6) years thereafter, the Company or any successor to the Company shall purchase and maintain, at its own expense, directors' and officers' liability insurance providing coverage to Executive on terms that are no less favorable than the coverage provided to other directors and similarly situated executives of the Company or any successor.

9. Confidentiality, Intellectual Property, and Non-Competition Agreements. As a condition of Executive's employment with the Company, Executive shall be required to sign the Agreement Regarding Non-Disclosure of Confidential Information and Non-Competition attached hereto as Exhibit A.

10. Notices. All notices, requests, demands, and other communications to be given pursuant to the terms of this Agreement shall be in writing and shall be deemed to have been duly given if and when delivered or three (3) days after mailing by certified mail, return receipt requested, postage prepaid, and addressed as follows:

(a) If to the Company: Chair  
Board of Directors  
Ikonics Corporation  
4832 Grand Avenue  
Duluth, MN 55807

with a copy (not constituting notice) to:

Faegre Baker Daniels LLP  
2200 Wells Fargo Center  
90 South Seventh Street  
Minneapolis, MN 55402  
Attn: W. Morgan Burns

(b) If to Executive: At his last known address on file with the Company.

Any party may change his or its address by prior written notice to the other party in compliance with this paragraph.

11. Assignment. Neither party may assign this Agreement, in whole or in part, without the prior written consent of the other party. Notwithstanding the foregoing, the Company may assign this Agreement without the prior written consent of Executive to any affiliate of the Company or to a party that acquires all or substantially all the voting stock or assets of the Company.

12. Governing Law, Forum and Jury Trial Waiver. This Agreement will be governed by and construed in accordance with the laws of the State of Minnesota, without regard to conflicts of law principles. The parties agree that any action arising out of or relating to this Agreement will be brought exclusively in a Minnesota state or federal court. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

13. Captions. All captions and headings herein contained are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

14. Interpretation. This Agreement shall be deemed to represent the mutual intent of the parties hereto and no rule of strict construction shall be applied against any party by virtue of having drafted this Agreement.

15. Counterparts. This Agreement may be executed in two or more counterparts, all of which taken together shall constitute one instrument. Facsimile or emailed PDF counterpart signatures to this Agreement shall be acceptable and binding.

16. Compliance with IRC Section 409A.

(a) For purposes of this Agreement, to the extent a payment is deferred compensation under Internal Revenue Code Section 409A, a termination of employment shall mean a separation from service as determined by the Company in accordance with Treas. Reg. § 1.409A-1(h). With respect to any provision that provides for reimbursement of costs or expenses or in kind benefits, such provision shall be interpreted in accordance with Treas. Reg. § 1.409A-3(i)(1)(iv). With respect to any provision that provides for reimbursement of medical expenses, such provision shall be interpreted in accordance with Treas. Reg. § 1.409A-1(b)(9)(v)(A). The parties intend that this Agreement and the benefits provided hereunder qualify for an exemption from Code Section 409A to the extent possible; provided, however, that if the Agreement and the benefits provided hereunder are not so exempt, they are intended to comply with Code Section 409A to the extent applicable thereto. All references to Code Section 409A shall include the regulations and guidance issued thereunder. Notwithstanding any provision of the Agreement to the contrary, the Agreement shall be interpreted and construed consistent with this intent; provided, that the Company shall not be required to assume any increased economic burden in connection therewith. For purposes of applying the provisions of Code Section 409A, each separately identified amount to which Executive is entitled shall be treated as a separate payment.

(b) Notwithstanding any provision of this Agreement to the contrary, in the event that any payment to Executive or any benefit hereunder is made upon, or as a result of Executive's termination of employment, and Executive is a "specified employee" (as that term is defined under Code Section 409A) at the time Executive becomes entitled to any such payment or benefit, and provided further that such payment or benefit does not otherwise qualify for an applicable exemption from Code Section 409A, then no such payment or benefit shall be paid or commenced to be paid to Executive under this Agreement until the date that is the earlier to occur of: (i) Executive's death, or (ii) six (6) months and one (1) day following his termination of employment (the "Delay Period"). Any payments which Executive would otherwise have received during the Delay Period shall be payable to Executive in a lump sum on the date that is six (6) months and one (1) day following the effective date of the termination.

17. Limitation on Damages. IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS OR LOSS OF DATA) IN ANY WAY ARISING OUT OF THIS AGREEMENT OR THE SERVICES CONTEMPLATED HEREIN, OR THE PERFORMANCE OF THE SAME, HOWEVER CAUSED, UNDER A CLAIM OF ANY TYPE OR NATURE, BASED ON ANY THEORY OF LIABILITY (INCLUDING CONTRACT, TORT OR STRICT LIABILITY) EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL EXECUTIVE'S LIABILITY FOR OTHER DAMAGES TO THE COMPANY RELATING TO OR RESULTING FROM THE SERVICES OR BUSINESS ARRANGEMENT CONTEMPLATED BY THIS AGREEMENT EXCEED THE AMOUNTS PAID TO HIM UNDER THIS AGREEMENT.

18. Entire Agreement. This Agreement (including the attachments hereto) represents the Company's and Executive's entire understanding regarding Executive's employment and supersedes all previous undertakings, written or oral between the Company and Executive on this subject.

*[Signature page follows]*

**IN WITNESS WHEREOF**, the parties here executed this Employment Agreement as of the Effective Date.

**EXECUTIVE:**

/s/ Glenn Sandgren  
Glenn Sandgren

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**THE COMPANY:**

IKONICS CORPORATION

By: /s/ Bill Ulland  
Name: Bill Ulland  
Title: Chief Executive Officer



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**For Immediate Release**  
January 7, 2020

**IKONICS ANNOUNCES CHIEF EXECUTIVE OFFICER TRANSITION**

DULUTH, MN - IKONICS Corporation (the "Company") (Nasdaq: IKNX) announced today that William C. Ulland, President, Chief Executive Officer and Chairman of the Board of Directors (the "Board") of the Company, will retire as President and Chief Executive Officer effective February 10, 2020, and that the Board has elected Glenn Sandgren, to succeed him. Mr. Ulland will continue in his role as Chairman of the Board. Mr. Sandgren will also serve on the Company's Board.

"I am extremely proud of how IKONICS has evolved as a leading imaging technology company, and I'm very confident that IKONICS will deliver sustained profitable growth into the future," said Ulland. "I am also excited that Glenn will become our Company's next CEO. Glenn has a track record of building great teams and growing business. I am incredibly excited to watch Glenn lead IKONICS into our next era of growth."

"We thank Bill for his exceptional contributions over the course of his 19 year career as the CEO and President of IKONICS and his 43 years as Chairman of the Board. The Company has grown and evolved under his leadership," said Sandgren. "Today, the business continues to gain market share and the quality of the people and products are unmatched. I am honored to lead this Company into the future."

Prior to joining IKONICS, Sandgren was the President of Pallidus. In this role he was responsible for overseeing the expansion of the silicon carbide crystal production facility and driving the technology and business development. Previously Sandgren served as the Vice President of Silicon Carbide Products for Melior Innovations, Vice President and Business Unit Manager for Polysciences, Inc., and held senior positions with Owens Corning and GE Plastics. His 30 years' experience leading materials innovation and growth organizations in key markets make him ideally suited to IKONICS. Sandgren has a Mechanical Engineering degree from Purdue, and an MBA from Central Michigan University.

This press release contains forward-looking statements that are not historical facts, including statements about the beliefs, expectations, estimates, future plans and strategies of the Company. These statements are based on current expectations and assumptions, which management believes are reasonable, and on information currently available to management, but are necessarily subject to various risks and uncertainties. In addition to the risk that these assumptions prove to be inaccurate, factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include factors disclosed in the Company's Forms 10-K, and 10-Q, and other reports on file with the SEC.

ISO 9001 Certified  
NASDAQ Listed: IKNX