

LKA Initiates Forward Gold Sales Arrangement

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GIG HARBOR, Wash.--(BUSINESS WIRE) LKA International (OTCBB:LKAI) recently made arrangements with PanAmerica Capital Group, Inc., located in Panama City, Republic of Panama, to sell a portion of its future gold production from the company's Golden Wonder Mine.

The terms of the arrangement, which takes the form of an eighteen-month, \$500,000 promissory note, requires LKA to deliver to PanAmerica, gold (or the cash equivalent) at \$150 below the spot market price in exchange for capital to finance certain pre-production expenses associated with restarting production at the Golden Wonder Mine. PanAmerica will have the option of taking payment in cash plus interest at the rate of ten percent per annum. Payments are to be made by LKA on a quarterly basis beginning in 2010.

LKA views this initial transaction with PanAmerica, possibly the first in a series of similar transactions, as an attractive means of financing certain start-up production costs which include equipment, mine development expenses as well as ongoing obligations incurred prior to quarterly ore shipments/sales. A more complete description of this transaction may be found in LKA's recently filed 10-Q covering the second quarter of calendar year 2009.

Investors are cautioned that reserves within the Golden Wonder have yet to be established and there is no guarantee that enough ore at economical grades will be found and/or produced to sustain commercial production.

About the Golden Wonder Mine

During an eight year period ending in mid 2006, the Golden Wonder Mine produced 133,701 ounces of gold at an average grade of 16.01 ounces (453.87 grams) of gold per ton. During this period Golden Wonder ore was shipped and sold directly to ASARCO, Barrick and Teck. A bulk ore sample of eighty-eight dry weight tons at an average grade of 3.85 ounces of gold per ton was sold to Teck during the first quarter of 2009. Assays from recent samples of ore (produced but not yet shipped) have ranged as high as 76.8 ounces of gold per ton. Average grades have not yet been determined.

Exploration, mine development and bulk sampling efforts are currently underway.

About LKA

LKA is a Gig Harbor, WA based natural resource holding and development company. The Company's primary assets are the Golden Wonder mine and the Ute-Ule silver mine and mill. Both of these properties are located in Hinsdale County, CO. LKA's stock is traded on the OTC Bulletin Board under the symbol "LKAI."

Safe Harbor Statement

LKA's plans to resume/expand Golden Wonder production are subject to a number of conditions including, but not limited to, favorable geology, successful exploration efforts, favorable financing terms/availability, permits, gold prices, market conditions, etc. Mining and related activities are inherently high-risk endeavors and there can be no assurance that LKA will be successful.

Forward-looking statements in this release are made pursuant to the 'safe harbor' provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including, but not limited to, market conditions and price for the company's products, reliance on key personnel, availability of labor, equipment, consulting services, financing and technological changes, as well as any and all 'other risks' associated with business.

Contact:

LKA International, Inc.

Kye A. Abraham

253-851-7486

info@lkaintl.com