

U. S. Securities and Exchange Commission
Washington, D. C. 20549

FORM 10-KSB

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

[] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 0-17106

LKA INTERNATIONAL, INC.

(Name of Small Business Issuer in its Charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

91-1428250

(I.R.S. Employer
Identification No.)

3724 47th Street Ct. N.W.
Gig Harbor, Washington 98335

(Address of Principal Executive Offices)

Issuer's Telephone Number: (253) 851-7486

Securities Registered under Section 12(b) of the Exchange Act: None.
Name of Each Exchange on Which Registered: None.
Securities Registered under Section 12(g) of the Exchange Act: Common
stock.

Check whether the Issuer (1) filed all reports required to be filed by
Section 13 or 15(d) of the Exchange Act during the past 12 months (or for
such
shorter period that the Company was required to file such reports), and (2)
has been subject to such filing requirements for the past 90 days.

(1) Yes X No (2) Yes X No
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Check if there is no disclosure of delinquent filers in response to Item
405 of Regulation S-B is not contained in this form, and no disclosure will
be
contained, to the best of registrant's knowledge, in definitive proxy or
information statements incorporated by reference in Part III of this Form
10-KSB or any amendment to this Form 10-KSB. []

this Annual Report), see our Annual Report on Form 10-KSB for the calendar year ended December 31, 2003, which was filed with the Securities and Exchange Commission on April 3, 2003, and which is incorporated herein by reference. See the Exhibit Index, Part III, Item 13 of this Report.

Business Development.

LKA owns certain real and personal property interests including patented and unpatented mining claims, water rights, buildings, fixtures, improvements, equipment, and permits situated in Lake City, Colorado, which are described below. LKA's activities associated with these properties have been sporadic since they were acquired in December, 1982. One of these properties, the Golden Wonder mine, has been producing gold ore in commercial quantities steadily since 1998.

The Lake City, Colorado Properties.

The Ute-Ule silver mine and milling facility and the Golden Wonder gold mine (respectively, the "Ute-Ule Property" and the "Golden Wonder Property" or, collectively, the "Properties"), consist of certain patented and unpatented mining claims located in Hinsdale County, Colorado. In December, 1982, our predecessor, LKA Holdings, Inc., a Utah corporation ("LKA Utah") acquired a 51% interest in the Properties from Lake City Mines, Inc., a Colorado corporation ("Lake City Mines"), which retained the remaining 49% interest. Immediately after the acquisition, LKA Utah assigned 90% of its interest in the future proceeds that it had the right to receive from the Properties to Caldera Partners Limited Partnership, a Washington limited partnership ("Caldera") in return for approximately \$1.6 million, which LKA used to develop the Properties. As a result, Caldera owned a 45.9% interest in the future proceeds that LKA Utah had the right to receive on the Properties. LKA's President, Kye A. Abraham, is Caldera's Managing Partner.

From 1983 through 1985, LKA Utah conducted exploration, development and limited production activities at the Golden Wonder mine. Additionally, it renovated the 100 ton-per-day flotation mill located on the Ute-Ule Property and completed a five-month pilot production program resulting in the sale of approximately \$590,000 of gold concentrates to ASARCO. LKA Utah was forced to discontinue its operations in early 1985 due to depressed gold prices, and it was merged into LKA in August, 1988.

On December 15, 1993, through our newly-formed subsidiary, LKA International, Inc., a Nevada corporation ("LKA Nevada"), we acquired Lake City Mines' interests in the Properties through a Sheriff's Deed from the sheriff of Hinsdale County. As a result of this transaction, LKA owned a 54.1% interest in the proceeds receivable on the Properties, with Caldera owning the remaining 45.9% interest.

In 1992 and 1994, respectively, the Properties were leased to two unaffiliated mining companies. In both instances, LKA terminated the leases due to the lessees' failure to meet the terms of the lease agreements.

On July 1, 1997, we entered into a Lease Purchase Agreement whereby Au Mining, Inc., a Colorado corporation ("Au Mining"), agreed to lease the Properties, with the option to purchase them. Au Mining entered into the lease for the purpose of exploring, developing and commercially producing ore from the Properties, specifically the Golden Wonder mine, in exchange for payment to LKA of certain minimum annual royalties and net production royalty payments based on the amount of ore removed from the mines. These royalties totaled 10% of all proceeds received, or which Au Mining was entitled to receive, less deductions for assaying, transportation costs, smelting charges and penalties, severance taxes and any state and federal royalties.

Au Mining exercised its option to purchase the Properties and on July 2, 1999, we sold the Properties to Au Mining for \$1,795,853. On that date, Au Mining executed a Promissory Note in the amount of \$1,795,853 (the "Note"). The Note bore interest at an annual rate of 8%. It required quarterly payments of \$50,000, with the remaining balance payable in a lump sum on July 1, 2004. In addition, all royalties that LKA received from Au Mining as discussed above were to be applied toward the purchase price of the Properties. The Note was secured by a Deed of Trust on the Properties.

Because we had a 54.1% interest in the proceeds that we were entitled to receive from the Properties, we had the same interest in the Note receivable from Au Mining. As of September 18, 2003, we had received \$1,299,925 in payments under the terms of the Note. We owed Caldera \$989,043 and \$946,384 as of December 31, 2003, and 2002, respectively. These amounts represent 45.9% of the entire Note receivable as well as 45.9% of all recognized interest income associated with the Note. LKA was obligated to pay to Caldera its respective share of Note payments only as such payments were actually collected. As of December 31, 2003, and December 31, 2002, respectively, the current portion of the amounts payable to Caldera was \$989,043 and \$946,384 and was partially offset by accrued management fees payable to LKA as a reimbursement for 45.9% of Mr. Abraham's salary and other general and administrative expenses related to the management of the Lake City properties. These management fees totaled \$176,933 as of December 31, 2003.

On September 18, 2003, the Company and Au Mining entered into a new lease agreement whereby the previous option to purchase the property and claims was terminated, and all related debts and deeds were cancelled. As a result of this transaction, the land and related reclamation bond were returned to the Company and were recorded at their original pre-sale cost basis. The related note receivable and offsetting deferred income that were created upon the initial sale were reduced to zero. As a result of the new lease agreement, the Company recorded a Loss on Lease Restructuring of \$71,061, which represents timing differences in the methods of gain/revenue recognition and the elimination of accrued interest associated with the note receivable. The original basis of the land of \$203,655, as well as the reclamation bonds of \$63,835, were put back on the books of the Company.

The provisions of the new lease agreement provide for the lease of the current workings of the Golden Wonder mine and also for the possible expansion of that project over the next several years. The term of the new lease agreement is five years and requires a minimum lease payment of \$50,000 per quarter. In addition, Au Mining is also required to remit a 10% net smelter royalty that will be offset against the lease payment. The new lease

agreement specifically excludes the Ute Ule mine and related claims. A copy of the new lease agreement was filed as an exhibit to the Company's Quarterly Report on Form 10-QSB for the quarterly period ended September 30, 2003, which was filed with the Securities and Exchange Commission on November 19, 2003, and which is incorporated herein by reference. See the Exhibit Index, Part III, Item 13 of this Report.

Business.

LKA has begun the permitting process with respect to the expansion of the Golden Wonder mine, as discussed under the heading "Management's Discussion and Analysis or Plan of Operation." Other than our plans to expand mining activities on the Properties, we do not currently expect to have any material operations during the next 12 months. Management continues to seek other business opportunities but we can not predict when and if we may actually participate in any specific business endeavor, and will be unable to do so until we determine the particular industries of interest to management.

Principal Products or Services and Their Markets.

We do not currently have any products or services.

Distribution Methods of the Products or Services.

None; not applicable.

Status of Any Publicly Announced New Product or Service.

None; not applicable.

Competitive Business Conditions.

Management believes that there are literally thousands of non-operating mining companies such as LKA. We believe that our competitive position in the industry will be very insignificant.

Sources and Availability of Raw Materials.

We do not use any raw materials, as we do not directly conduct any material operations.

Dependence on One or a Few Major Customers.

Although Au Mining is not a "customer" of LKA, we expect that payments derived from Au Mining's operations will be our most significant source of income over the next 12 months. As discussed under the subheading "Business Development" above, Au Mining is currently paying us quarterly payments of

\$50,000, under the terms of the new lease agreement. If Au Mining ceases business for any reason, LKA's cash flow would stop.

Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts.

We have obtained "110d" limited impact permits from the Colorado Division of Minerals and Geology and have posted reclamation bonds to ensure the clean-up of environmental disturbances on the Ute-Ule and Golden Wonder Properties. We are currently in compliance with all applicable permit and bonding requirements in this regard.

Need for Any Governmental Approval of Principal Products or Services.

None; not applicable.

Effect of Existing or Probable Governmental Regulations on the Business.

Reporting Requirements.

As an issuer whose securities are registered under Section 12(g) of the Securities Exchange Act of 1934 (the "Exchange Act"), we are required to file periodic reports with the Securities and Exchange Commission (the "Commission"). In addition, the National Association of Securities Dealers, Inc. (the "NASD"), requires that all issuers maintaining quotations of their securities on the OTC Bulletin Board file periodic reports under the Exchange Act, so if we apply for a trading symbol on the OTC Bulletin Board, the NASD will also require that we remain current in our reporting obligations.

The public may read and copy any materials that we file with the Commission at the Commission's Public Reference Room at 450 Fifth Street N.W., Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330 or 1-202-942-8090. The Commission maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission. The address of that site is <http://www.sec.gov>.

Small Business Issuer.

The Commission's integrated disclosure system for small business issuers, which was adopted in Release No. 34-30968 and became effective as of August 13, 1992, substantially modified the information and financial requirements of a "Small Business Issuer," defined to be an issuer that has revenues of less than \$25,000,000; is a U.S. or Canadian issuer; is not an investment company; and if a majority-owned subsidiary, the parent is also a small business issuer; provided, however, an entity is not a small business issuer if it has a public float (the aggregate market value of the issuer's outstanding

securities held by non-affiliates) of \$25,000,000 or more. LKA is deemed to be a "small business issuer."

Sarbanes-Oxley Act.

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act imposes a wide variety of new regulatory requirements on publicly-held companies and their insiders. Many of these requirements will affect us. For example:

- * Our chief executive officer and chief financial officer must now certify the accuracy of all of our periodic reports that contain financial statements;
- * Our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures; and
- * We may not make any loan to any director or executive officer and we may not materially modify any existing loans.

The Sarbanes-Oxley Act has required us to review our current procedures and policies to determine whether they comply with the Sarbanes-Oxley Act and the new regulations promulgated thereunder. We will continue to monitor our compliance with all future regulations that are adopted under the Sarbanes-Oxley Act and will take whatever actions are necessary to ensure that we are in compliance.

Research and Development.

We have not spent any money on research and development in the past five years and we do not plan to make any such expenditures in the foreseeable future.

Costs and Effects of Compliance with Environmental Laws.

As the owner of permits pertaining to the Properties, we are subject to many federal, state and local laws and regulations relating to environmental quality. For example, any mining operations conducted on the Properties must comply with federal and state laws and regulations that protect the quality of surface water and groundwater.

The Colorado Division of Minerals and Geology (the "Division") requires mine operators to have permits to conduct mining activities in Colorado. The Division also requires operators to obtain a reclamation bond to ensure the clean-up of disturbances on mining properties and conducts regular inspections to make sure that the operators are in compliance with applicable environmental laws and regulations. We have obtained all necessary bonds and permits required by the State of Colorado and believe that we are in compliance with all laws and regulations in this regard. However, we can provide no assurance as to the impact on LKA of any future environmental laws or regulations or any governmental interpretation of existing or future laws or regulations.

The Federal Bureau of Land Management (the "BLM") has advised us of its desire to extend to the Ute-Ule Property certain environmental clean-up activities that it is conducting on neighboring properties that we do not own.

The BLM has commissioned and obtained an engineering evaluation and cost analysis ("EE/CA") report on the Ute-Ule and the neighboring public lands. This EE/CA, which was prepared by Harding ESE, Inc., analyzes the current environmental state of the Ute-Ule Property and other properties in the area. The EE/CA has identified a large volume of mine tailings and metals loading of shallow ground water, with elevated levels of arsenic, cadmium and lead being present. The total clean-up costs on all of these properties are estimated at approximately \$7 million, with the projected clean-up cost of the Ute-Ule alone estimated at approximately \$4,317,000.

As of November 18, 2003, the BLM has prepared a written response to the public comments received concerning the EE/CA and is in the process of selecting an overall site clean-up plan and is determining the final engineering plans. Once these tasks are completed, the BLM will then enter into the process of implementing those plans. Under the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the BLM and EPA may either require a property owner to perform the necessary cleanup or the agencies may perform the work and seek recovery of costs against the owner.

As of the date of this Report, management has had two meetings with the BLM in an effort to negotiate a settlement of this matter. The BLM has taken the position that LKA will be liable for the cleanup on the Ute-Ule property, with the timing of the cleanup, the ultimate cost, and LKA's share of the total cost, still to be determined. The BLM has indicated its willingness to negotiate a settlement of the matter and LKA intends to vigorously defend itself. In this regard, we have recently retained the services of a consultant to advise us regarding the BLM's authority and legal position to order the cleanup and to advise us on our negotiating stance. However, we are in the very early stages of this process and we can not accurately predict what our ultimate liability, if any, will be.

Employees.

Kye A. Abraham is LKA's only full-time employee. Nanette K. Abraham assists with bookkeeping and administrative work, but receives no financial remuneration.

Risk Factors.

Potential Environmental Liability.

As discussed under "Costs and Effects of Compliance with Environmental Laws," above, the BLM has issued an EE/CA which identifies certain environmental hazards on the Ute-Ule property, with an estimated potential cost of approximately \$4,317,000 to clean up these hazards. We are in the

early stages of negotiation with the BLM with respect to LKA's responsibility, if any, for the cleanup and what costs, if any, we may be liable for. We intend to make our case as vigorously as possible. However, we could be financially devastated if we are found liable for all or a large portion of the \$4,317,000 estimated cleanup costs on the Ute-Ule, as that amount is substantially larger than our total assets.

We Do Not Know How Much Commercially Recoverable Ore the Properties Contain.

Because we do not have any definitive reserve studies on the Properties, we do not know how much commercially recoverable ore they contain. We can not assure you that it will be continue to be economically feasible to conduct mining operations on the Properties. If it is not economically feasible, any royalties from the Golden Wonder mine under any lease agreement with Au Mining, which we expect to be our largest source of income, would also cease.

Need for Additional Funding.

If LKA determines that expansion of the Golden Wonder mining project, or any other project, is suitable, a significant additional investment of up to \$2 million, or more, would be required. We expect that Au Mining would use any additional investment by LKA to explore and/or develop ore bodies within the Golden Wonder mine. Accordingly, our success or lack of success in raising additional funds may determine whether we make a profit in the future.

Furthermore, we can not assure you that even if we raise an additional \$2 million through an offering of our securities that such amounts will be sufficient to develop new, commercially viable ore bodies within the Golden Wonder Property. It is possible that subscribers under any such offering would gain little or no economic benefit from their investment.

Potential Dilution to Existing Stockholders.

We expect that any future fundraising under any lease agreement would take the form of a private placement or public offering of our common or preferred stock. The sale of additional shares of our common or preferred stock will reduce the proportionate ownership interests of our existing stockholders.

No Established Public Market for Our Securities.

There is no established public market for our securities and we can not guarantee that any such market will develop or be maintained in the future. As a result, stockholders may not be able to sell their shares readily, if at all.

Limit on Directors' Liability.

Article VIII of our Certificate of Incorporation provides that a director of the corporation is not personally liable to us or our stockholders for breach of fiduciary duties as a director, except for breach of duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, payment of dividends or redemption of stock in violation of corporate statute and for any transaction from which the director derived any improper personal benefit. Article VIII further provides that if the Delaware General Corporation Law (the "Delaware Law") is subsequently amended to further eliminate or limit the personal liability of directors, the liability of a director of the corporation shall be eliminated to the fullest extent permitted by the Delaware Law. Article IX of our Certificate of Incorporation and Article V of our Bylaws also provide for indemnification of directors, executive officers, employees and agents of LKA to the fullest extent allowed under the Delaware Law.

Issuance of Preferred Stock.

LKA has authorized 50,000,000 shares of preferred stock, \$0.001 par value, none of which is currently issued or outstanding. The Board of Directors has the authority, without action by our stockholders, to issue the authorized and unissued preferred stock in one or more series and to determine the voting rights, preferences as to dividends and liquidation, conversion rights, and other rights of any series. Preferred stock may, if and when issued, have rights superior to those of the common stock.

No Dividends.

We have never paid any cash dividends and do not intend to pay any dividends in the foreseeable future. We intend to retain substantially all future earnings, if any, for use in our business.

No Cumulative Voting.

Cumulative voting in the election of our directors is not allowed. Accordingly, the holders of a majority of the shares of common stock present, in person or by proxy, at any regularly convened shareholder's meeting at which the Board of Directors is elected will be able to elect all directors, and the minority shareholders will not be able to elect a representative to the Board of Directors.

Dependence on Key Employees and Technical Personnel.

For the foreseeable future, LKA will be entirely dependent upon the services of Kye A. Abraham, its President. Mr. Abraham is in good health; however, his retirement, resignation, disability or death would require us to identify and hire a qualified person to serve in his place. To the extent that his services become unavailable, LKA will be required to retain other qualified personnel; there can be no assurance that LKA will be able to recruit and hire qualified persons upon acceptable terms. We

currently have no employment agreement with Mr. Abraham and do not maintain "key man" life insurance for him. The loss of Mr. Abraham or our inability to attract or retain other qualified employees could seriously impair our results of operations and financial condition.

Our Securities are "Penny Stock."

Our common stock is "penny stock" as defined in Rule 3a51-1 of the Commission. This designation may adversely affect the development of any public market for our shares of common stock or, if such a market develops, its continuation. Broker-dealers are required to personally determine whether an investment in "penny stock" is suitable for customers.

Penny stocks are securities (i) with a price of less than five dollars per share; (ii) that are not traded on a "recognized" national exchange; (iii)

whose prices are not quoted on the NASDAQ automated quotation system (NASDAQ-listed stocks must still meet requirement (i) above); or (iv) of an issuer with net tangible assets less than \$2,000,000 (if the issuer has been in continuous operation for at least three years) or \$5,000,000 (if in continuous operation for less than three years), or with average annual revenues of less than \$6,000,000 for the last three years.

Section 15(g) of the Exchange Act, and Rule 15g-2 of the Commission require broker/dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before effecting any transaction in a penny stock for the investor's account. Potential investors in our common stock are urged to obtain and read such disclosure carefully before purchasing any shares that are deemed to be "penny stock."

Rule 15g-9 of the Commission requires broker-dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any penny stock to that investor. This procedure requires the broker-dealer to (i) obtain from the investor information concerning his or her financial situation, investment experience and investment objectives; (ii) reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor has sufficient knowledge and experience as to be reasonably capable of evaluating the risks of penny stock transactions; (iii) provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination in (ii) above; and (iv) receive a signed and dated copy of such statement from the investor, confirming that it accurately reflects the investor's financial situation, investment experience and investment objectives. Compliance with these requirements may make it more difficult for our stockholders to resell their shares to third parties or to otherwise dispose of them.

The Sale of "Restricted" Shares May Reduce the Price Per Share of Our Common Stock.

All of the 924,686 shares of our common stock that are owned or controlled by Kye A. Abraham are "restricted" securities within the meaning of Rule 144 of the Securities and Exchange Commission. If a market for our common stock ever develops, Mr. Abraham may begin selling shares at any time, subject to compliance with Rule 144. Such sales may have a negative effect on our stock price.

Item 2. Description of Property.

We own a 100% interest in the Ute-Ule and Golden Wonder Properties, but we pay to Caldera 45.9% of the proceeds that we receive from the Properties through our new Lease Agreement with AU Mining. We are not currently engaged in any mining operations on these Properties or anywhere else.

Both the Ute-Ule silver mine and the Golden Wonder gold mine are vein type deposits associated with volcanic activity occurring millions of years ago during a turbulent period known in geology as Tertiary time. During this violent geologic era, most of the known precious metal mines in the State of Colorado were formed along a southwest to northeast channel or narrow band approximately 20 miles wide, which stretches in a diagonal trend from Durango in the southwest to Boulder County in the northeast. This zone has been called the Colorado Mineral Belt. Lake City, Colorado lies astride this mineral belt in a topographical cul de sac 57 miles southwest of Gunnison, Colorado. On the other side of the mountain range that encloses the cul de sac are the historic precious metal mining districts of Ouray, Telluride, Silverton and Creede, which were productive in the late 19th century. Since it entered into the Lease Purchase Agreement with us, Au Mining has recovered approximately 47,084 ounces of gold on the Properties, valued at approximately \$13 million.

Each Property is described below.

Ute-Ule Group.

The Ute-Ule Property consist of 23 patented mining claims located approximately four miles west of Lake City, Colorado. These are highly mineralized silver-lead-zinc mines with excellent access via a gravel road that is maintained year-round by the County of Hinsdale. This road goes from the Property to Lake City and from Lake City a blacktop road (State Highway 149) extends northward approximately 46 miles to an intersection with U.S. 50, about nine miles west of Gunnison, Colorado.

This Property has a long history of mineral extraction dating back to the nineteenth century. Most of this extraction occurred between 1874 and 1903.

We can not assure you that the mineralized material found on the Property can be mined and milled on a commercial basis.

The Ute Mill.

A 100 ton-per-day flotation mill, including various equipment and support facilities, exists on the Ute-Ule Property. The mill is located at the level of the main haulage tunnel of the Ute mine. It is in satisfactory condition and was used effectively by LKA Utah to mill ore from the Golden Wonder mine during a 1984 pilot production program. The mill is also ideally suited for the processing of ore from the Ute-Ule mines.

To the knowledge of management, this mill is the only mill located in the Lake City District. Since the Lake City District has no smelting facilities, ore and ore concentrates, if any, from the Properties, or other mines in the district would have to be sent to smelters in other distant locations.

Since the mill is the only one in the Lake City District and construction of another mill of this size would be possible only at substantial cost and subject to considerable environmental constraints, management believes that LKA could derive income from custom milling or the sale of the mill if it re-acquires the Properties and if mining is successfully revived in the District.

Water for milling and the power needs of the mill has historically been available through water rights pertaining to the Property. Although we believe the Property is currently in compliance with applicable laws and regulations, any future operations at the mill may require additional settling ponds and additional treatment of waste water may be required to preserve water quality. We do not believe that these requirements would impose an undue burden on us.

LKA re-acquired the Ute-Ule Property pursuant to a new lease agreement with Au Mining. If Au Mining fails to make the required quarterly payments under the terms of the new lease agreement, substantial additional funding would be required to make the mill operational. We can provide no assurance that we would be successful in any such fundraising.

Golden Wonder.

The Golden Wonder Property consists of three patented and 18 unpatented mining claims located approximately 2-1/2 miles south of Lake City, Colorado. It has been worked intermittently since its discovery in 1880. The Property can be reached by following Colorado State Highway 149 south of Lake City to the Vickers Ranch, and then following an easement over unimproved road through the ranch to the mine. The mine is at an elevation of 10,323 feet and is situated on a hill slope approximately 1,500 feet above the valley floor. It lies at the head of "Dead Man's Gulch."

The initial discovery was made after finding high grade float in the surface containing free gold. A limited body of ore was mined prior to 1889. The Property was generally unworked through 1930. From 1930 to 1969, sporadic mining and development efforts were conducted, some of which resulted in the

extraction of ore.

During the summer of 1969, Southern Union Production Company ("Supron") began an exploration program at the Golden Wonder. Out of this, the SUPCO winze (a steeply inclined passageway connecting the mine workings) was started in the winter of 1970-1971 and completed to a depth of approximately 150 feet below the third level of the mine, with lateral drifting along the course of mineralization off the winze on the fourth level. Work was halted on the property in 1972, when Supron decided to discontinue all its metallic mineral operations in the western United States and South America. In 1973, Rocky Mountain Ventures secured a lease on the Property and shipped a small tonnage of dump material to a mill then operating at Crested Butte, Colorado for processing.

The Golden Wonder has been explored and developed by drifts on six different levels, with raises and winzes connecting the lower levels. In 1984, LKA Utah conducted a five-month pilot production program that resulted in the sale of approximately \$590,000 of gold concentrates to ASARCO. The average grade of the ore produced during the pilot program was 0.96 ounces of gold per ton and the average gold price at that time was \$325 per ounce. The majority of this production was derived from two slopes on the mine's fourth level, which consistently averaged one ounce of gold per ton. Commercial quantities of gold were also taken from the mine's fifth level. Beginning in 1997, Au Mining has conducted, and is currently conducting, mining operations and producing commercial quantities of ore from the mine's fifth and sixth levels.

Office Space.

We currently lease approximately 750 square feet of office space located at 3724 47th Street Ct. N.W., Gig Harbor, Washington. We pay monthly rent of \$750 to Abraham and Co., Inc. an NASD member broker/dealer which is controlled by our President, Kye A. Abraham. This rent includes the use of the office space, telephone, office supplies, utilities, computers and photocopiers. The office is attached to Mr. Abraham's home. The lease arrangement is a month-to-month oral lease with Mr. Abraham.

Item 3. Legal Proceedings.

Except as discussed below, LKA is not the subject of any pending legal proceedings and, to the knowledge of management, no proceedings are presently contemplated against LKA by any federal, state or local governmental agency.

LKA is a plaintiff in Northern Arizona Group SMR et al. v. Allen et al., which was filed in the Superior Court of the State of California for the County of Orange and designated Case No. 818405. In its complaint, as amended, LKA alleged that the defendants made certain misrepresentations in connection with LKA's purchase of 875 shares of the common stock of Allen Wireless Group, a Delaware corporation, for total consideration of \$7,000. We, along with the other stockholders of Allen Wireless Group, are seeking rescission of our stock purchase agreement and a return of the purchase money or, in the alternative, compensatory and consequential damages, in addition to

punitive, exemplary and special damages and interest. A trial date of October 12, 2004 has been set in this matter.

As discussed under "Costs and Effects of Compliance with Environmental Laws" above, we have had preliminary settlement discussions with the BLM over LKA's potential liability, if any, for clean-up costs on the Ute-Ule Property. These negotiations are in the very early stages as of the date of this Annual Report, and we can not estimate what portion of the BLM's estimated \$4,317,000 cleanup cost, if any, we may ultimately be found liable for. Settlement discussions are expected to continue well into 2004.

To the knowledge of management, no director or executive officer is party to any action in which any has an interest adverse to LKA.

Item 4. Submission of Matters to a Vote of Security Holders.

No matter was submitted to a vote of our security holders during the calendar year covered by this Annual Report or during the two previous calendar years.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

Market Information.

There is no "established trading market" for our shares of common stock. Our shares are listed on the OTC Bulletin Board of the National Association of Securities Dealers, Inc. (the "NASD") under the symbol "LKAI"; however, management does not expect any established trading market to develop unless and until we have material operations. In any event, no assurance can be given that any market for our common stock will develop or be maintained. If a public market ever develops in the future, the sale of "unregistered" and "restricted" shares of common stock pursuant to Rule 144 of the Securities and Exchange Commission by members of management or others may have a substantial adverse impact on any such market. All of these persons have satisfied the one-year holding period requirement of Rule 144. See "Sales of Unregistered Securities During the Past Three Years," of this Annual Report.

Set forth below are the high and low closing bid prices for our common stock for each quarter since our common stock became eligible for quotation on the OTC Bulletin Board of the NASD in October, 2003. These bid prices were obtained from Pink Sheets, LLC, formerly known as the "National Quotation Bureau, LLC," All prices listed herein reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not represent actual transactions.

Quarter Ended	High Bid	Low Bid
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December 31, 2003

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Holders

The number of record holders of our common stock as of the date of this Annual Report is approximately 1157. This does not include an indeterminate number of stockholders who may hold their shares in "street name."

Dividends

LKA has not declared any cash dividends with respect to its common stock and does not intend to declare dividends in the foreseeable future. There are no material restrictions limiting, or that are likely to limit, our ability to pay dividends on our common stock.

Securities Authorized For Issuance under Equity Compensation Plans.

We have not adopted any equity compensation plans and have no securities authorized for issuance under any such plans.

Sales of Unregistered Securities During the Past Three Years.

We have not sold any unregistered securities since 1988.

Item 6. Management's Discussion and Analysis or Plan of Operation.

Plan of Operation.

During the next 18 months, the Company intends to seek additional funding of approximately \$2 million for the purpose of expanding and/or developing additional ore bearing zones within the Golden Wonder mine. We expect that any anticipated funding will take place through the private placement of our common or preferred stock pursuant to applicable exemptions from registration provided by Regulation D of the Securities and Exchange Commission.

LKA and Au Mining both believe that it will take at least \$1 million to begin the development of substantial additional ore bearing zones within the Golden Wonder Property. We can not assure you that we will be successful in raising the required amounts. However, if we are successful in this regard, we plan to permit and develop a new drift to be located approximately 800 feet below the Golden Wonder's sixth level. The objective of this new drift will be to intersect the existing vein structure and significantly expand the workings of the Golden Wonder.

Under the terms of the new agreement with Au Mining, LKA has the option

to increase its current 10% net smelter interest to a 40% working interest on all ore produced below the Golden Wonder's sixth level, pending successful completion of its permitting and expansion plans.

Our plans to construct and develop the new drift will be contingent upon favorable geology, gold prices, resolution of permitting and environmental issues, as well as LKA's ability to raise the necessary capital through the sale of equity. We can not assure you that we will be successful in achieving these objectives.

Results of Operations.

2003 was a year of significant achievement for LKA. During the year, LKA repurchased the Properties through a restructured lease agreement with Au Mining. It is our hope that this arrangement together with the purchase of adjoining unpatented claims in late July will enable us to proceed with our planned expansion of the Golden Wonder mine.

Au Mining produced and sold approximately 24,864 ounces of gold during three quarters of production in 2003, as compared to 24,586 ounces of full-year production in 2002.

During the third and fourth quarters of 2003, we received the first and second quarterly lease and royalty payments under the restructured lease agreement. These payments totaled \$542,090. After we paid 45.9% of this amount to Caldera, our royalty revenues in 2003 were \$239,170 and our lease revenues were \$54,100, for total revenues of \$293,270. By comparison, we did not receive any revenues in 2002 or during the period in 2003 that preceded the new lease agreement, which we entered into on September 18, 2003.

Operating expenses increased from \$98,300 in 2002, to \$155,127 in 2003. This change was due to a \$20,000 increase in officer salaries as discussed under the heading "Executive Compensation," below, and an increase of \$36,827 in general and administrative expenses in 2003. This increase was attributed to legal and accounting fees that were necessary to bring the Company current in its Securities and Exchange Commission filings. Nevertheless, because the new lease agreement created a new source of revenue, we realized operating income of \$138,143 in 2003, as compared to a net loss of \$98,300 in 2002.

Interest income declined from \$68,080 in 2002 to \$27,643, due primarily to the environment of falling interest rates during these periods. However, as a result of the improved stock market in 2003, we had \$100,537 in unrealized gains on securities in 2003, and \$17,695 in realized gains on securities during that period. This compares to unrealized and realized losses of \$6,321 and \$2,388, respectively, in 2002. Similarly, we received \$9,991 in dividend income in 2003, versus \$583 in 2002.

Due to the new Au Mining lease agreement, we recorded a loss on lease restructuring of \$71,061 in 2003. This loss was the result of timing differences in the methods of gain/revenue recognition, as well as the elimination of accrued interest that was associated with the note receivable from Au Mining. This note was canceled in connection with the restructuring in September, 2003.

We recorded a gain on sale of asset of \$209,044 in 2003, as compared to a gain of \$164,500 in 2002. These amounts represent payments on the Au Mining note that was canceled in September, 2003. The increased gain on sale in 2003 the result of gains that had been deferred from prior periods.

Net income was \$423,468 in 2003, an increase of approximately 258% over our net income of \$118,362 in 2002. Net income per share was \$0.07 and \$0.02 per share, respectively, in 2003 and 2002. In addition to our substantially improved net income, part of the rise in income per share was due to LKA's repurchase and cancellation of 1,887,680 outstanding shares, at prices less than \$0.02 per share, in 2003. As a result, we had only 5,281,456 shares issued and outstanding at December 31, 2003, as compared to 7,169,136 such shares at December 31, 2002. This decrease in the number of outstanding shares was also partially responsible for the increase of approximately 416% in stockholders' equity, from \$95,135 at December 31, 2002, to \$490,677 at December 31, 2003. The Company's Board of Directors has expressed an interest in continued stock repurchases in the future, provided that sufficient cash is available and that purchase prices are reasonable.

Safe Harbor Statement.

Statements made in this Form 10-KSB which are not purely historical are forward-looking statements with respect to the goals, plan objectives, intentions, expectations, financial condition, results of operations, future performance and business of LKA. Such forward-looking statements include those that are preceded by, followed by or that include the words "may", "would", "could", "should", "expects", "projects", "anticipates", "believes", "estimates", "plans", "intends", "targets" or similar expressions.

Forward-looking statements involve inherent risks and uncertainties, and important factors (many of which are beyond our control) that could cause actual results to differ materially from those set forth in the forward-looking statements, including the following, in addition to those contained in this Annual Report: general economic or industry conditions nationally and/or in the communities in which we conduct business; fluctuations in global gold and silver markets; legislation or regulatory requirements, including environmental requirements; conditions of the securities markets; competition; our ability to raise capital; changes in accounting principals, policies or guidelines; financial or political instability; acts of war or terrorism; and other economic, competitive, governmental, regulatory and technical factors affecting our operations, products, services and prices.

Accordingly, results actually achieved may differ materially from expected results in these statements. Forward-looking statements speak only as of the date they are made. LKA does not undertake, and specifically disclaims, any obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Item 7. Consolidated Financial Statements.

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LKA INTERNATIONAL, INC.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003

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INDEPENDENT AUDITORS' REPORT

To the Stockholders of
LKA International, Inc.
Gig Harbor, Washington

We have audited the accompanying consolidated balance sheet of LKA International, Inc. as of December 31, 2003, and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 2003 and 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above

present fairly, in all material respects, the consolidated financial position of LKA International, Inc. as of December 31, 2003, and the consolidated results of their operations and their cash flows for the years ended December 31, 2003 and 2002, in conformity with accounting principles generally accepted in the United States of America.

/s/HJ & Associates, LLC

HJ & Associates, LLC
Salt Lake City, Utah
March 12, 2004

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LKA INTERNATIONAL, INC.
Consolidated Balance Sheet

ASSETS

	December 31, 2003
<S>	<C>
CURRENT ASSETS	
Cash	\$ 526,354
Due from affiliates (Note 3)	64,133
Refundable deposit	9,400
Accrued interest receivable	1,910
Notes receivable (Note 7)	99,997
Margin trading account	30,878
Investment in trading securities	402,095

Total Current Assets	1,134,767

PROPERTY	
Land held for operating lease (Note 2)	267,655

Total Fixed Assets	267,655

OTHER ASSETS	
Reclamation bond (Note 2)	63,835
Unpatented mining claims	12,137

Total Other Assets	75,972

TOTAL ASSETS	\$ 1,478,394
	=====

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

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LKA INTERNATIONAL, INC.
Consolidated Balance Sheet (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 2003	
<S>	<C>	
CURRENT LIABILITIES		
Accounts payable	\$	3,017
Note payable		10,000
Notes payable - related party (Note 3)		62,803
Accrued interest - related party (Note 3)		35,787
Accrued remediation costs (Note 1)		64,000
Due to related party (Note 2)		812,110

Total Current Liabilities		987,717

Total Liabilities		987,717

STOCKHOLDERS' EQUITY		
Common stock; \$0.001 par value, 50,000,000 shares Authorized, 5,281,456 shares issued and outstanding		5,281
Additional paid-in capital		5,397,956
Accumulated deficit		(4,912,560)

Total Stockholders' Equity		490,677

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	1,478,394
		=====

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

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LKA INTERNATIONAL, INC.
Consolidated Statements of Operations

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	For the Years Ended December 31,	
<S>	2003	2002
	<C>	<C>
REVENUES		
Operating lease revenue	\$ 54,100	\$ -
Royalty revenue	239,170	-
	-----	-----
Total Revenues	293,270	-

OPERATING EXPENSES	-----	-----
Officer salaries	68,000	48,000
General and administrative	87,127	50,300
	-----	-----
Total Operating Expenses	155,127	98,300
	-----	-----
OPERATING INCOME (LOSS)	138,143	(98,300)
	-----	-----
OTHER INCOME (EXPENSE)		
Interest expense	(8,524)	(7,792)
Loss on investment	-	-
Interest income	27,643	68,080
Gain on sale of asset	209,044	164,500
Unrealized gains (losses) on securities	100,537	(6,321)
Realized gain (losses) on securities	17,695	(2,388)
Loss on lease restructuring	(71,061)	-
Dividend income	9,991	583
	-----	-----
Total Other Income (Expense)	285,325	216,662
	-----	-----
INCOME PRIOR TO INCOME TAX EXPENSE	423,468	118,362
	-----	-----
INCOME TAX BENEFIT	-	-
	-----	-----
NET INCOME	\$ 423,468	\$ 118,362
	=====	=====
BASIC AND DILUTED NET INCOME PER SHARE	\$ 0.07	\$ 0.02
	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	6,250,993	7,252,698
	=====	=====

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

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LKA INTERNATIONAL, INC.
Consolidated Statements of Stockholders' Equity

	Common Stock		Additional	Accumulated
	Shares	Amount	Paid-in Capital	Deficit
<S>	<C>	<C>	<C>	<C>
Balance, December 31, 2001	7,269,136	\$7,269	\$5,426,894	\$(5,454,390)
Repurchase and cancellation of common stock	(100,000)	(100)	(2,900)	-
Net income for the year ended December 31, 2002	-	-	-	118,362
	-----	-----	-----	-----
Balance, December 31, 2002	7,169,136	7,169	5,423,994	(5,336,028)

Repurchase and cancellation of common stock	(1,887,680)	(1,888)	(26,038)	-
Net income for the year ended December 31, 2003	-	-	-	423,468
Balance, December 31, 2003	5,281,456	\$ 5,281	\$5,397,956	\$(4,912,560)

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

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LKA INTERNATIONAL, INC.
Consolidated Statements of Cash Flows

	For the Years Ended December 31,	
	2003	2002
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 423,468	\$ 118,362
Items to reconcile net income to net cash provided by operating activities:		
Unrealized (gain) loss on investments	(100,537)	6,321
Realized (gain) loss on investments	(17,695)	2,388
Changes in operating assets and liabilities:		
Decrease in prepaid and other assets	13,963	(52,200)
(Increase) in due from affiliates	(41,633)	-
(Increase) decrease in interest receivable	811	132,661
(Increase) decrease in margin account	(37,167)	6,289
Increase (decrease) in accounts payable	(15,038)	19,157
Increase (decrease) in accrued expenses	263,703	(39,420)
Increase (decrease) in deferred income	(209,045)	(164,499)
	-----	-----
Net Cash Provided by Operating Activities	280,830	29,059
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in notes receivable	(99,997)	-
Disposal of property	-	-
Investment purchases	(373,254)	(54,916)
Investment proceeds	119,391	16,207
Proceeds from note receivable	336,210	303,750
	-----	-----
Net Cash Provided (Used) by Investing Activities	(17,650)	265,041
	-----	-----

</TABLE>

The accompanying notes are an integral part of these consolidated financial

statements.

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LKA INTERNATIONAL, INC.
Consolidated Statements of Cash Flows (Continued)

	For the Years Ended December 31,	
	2003	2002
<S>	<C>	<C>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	\$ -	\$ -
Payment on notes payable - related	-	-
Repurchase of common stock	(27,926)	(3,000)
	-----	-----
Net Cash Used by Financing Activities	\$ (27,926)	\$ (3,000)
	-----	-----
INCREASE (DECREASE) IN CASH	\$ 235,254	\$ 291,100
CASH AT BEGINNING OF PERIOD	291,100	-
	-----	-----
CASH AT END OF PERIOD	\$ 526,354	\$ 291,100
	=====	=====
CASH PAID FOR:		
Interest	\$ 2,259	\$ 1,254
Income taxes	\$ -	\$ -

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2003 and 2002

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Consolidated financial statements presented are those of LKA International, Inc. (the Company), a Delaware corporation, its majority owned partnership and its wholly-owned subsidiary (LKA International, Inc.), a Nevada corporation. The Company was incorporated on March 15, 1988, under the laws of the State of Delaware. The Company was engaged in natural resource projects, but ceased operations shortly thereafter due to high capital investments and the risk of no return. The Company exited the development stage in September 2003. (See Note 2)

a. Accounting Methods

The Company's financial statements are prepared using the accrual method

of accounting. The Company has elected a calendar year-end.

b. Basic Income Per Share

	For the Years Ended December 31,	
	2003	2002
Net income from operations (numerator)	\$ 423,468	\$ 118,362
Weighted average number of shares outstanding (denominator)	6,250,993	7,252,698
	-----	-----
Income per share	\$ 0.07	\$ 0.02
	=====	=====

The computation of basic income per share of common stock is based on the weighted average number of shares outstanding during the period. There are no common stock equivalents.

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2003 and 2002

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax assets are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Net deferred tax assets consist of the following components as of December 31, 2003 and 2002:

	2003	2002
Deferred tax assets:		
NOL Carryover	\$ 8,400	\$ 448,576
Unrealized Gain/Loss	-	2,465
	-----	-----
Total Deferred Tax Asset	-	451,041
Deferred tax liabilities:	-	-
Valuation allowance	(8,400)	(451,041)
	-----	-----
Net deferred tax asset	\$ -	\$ -
	=====	=====

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate to pretax income from continuing operations for the years ended December 31, 2003 and 2002 due to the following:

	2003	2002
Book income	\$ 165,155	\$ 46,161
Meals and Entertainment	230	137
Unrealized Gain	(39,210)	(2,465)
Installment Sale	(14,050)	-
NOL	(126,080)	(43,833)
Accrued Interest	13,955	-
Valuation allowance	-	-
	-----	-----
	\$ -	\$ -
	=====	=====

At December 31, 2003, the Company had net operating loss carryforwards of approximately \$21,000 that may be offset against future taxable income from the year 2003 through 2023. No tax benefit has been reported in the December 31, 2003 consolidated financial statements since the potential tax benefit is offset by a valuation allowance of the same amount.

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2003 and 2002

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Income Taxes (Continued)

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carryforwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carryforwards may be limited as to use in future years.

d. Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

e. Principles of Consolidation

The consolidated financial statements include those of LKA International, Inc. (the Company) and its 100% owned subsidiary LKA International, Inc. All significant intercompany accounts and transactions have been eliminated.

f. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

g. Revenue Recognition Policy

The Leasing Agreement calls for minimum quarterly lease payments. Amounts paid in excess of the minimum lease payment are recorded as royalty revenue. See also Note 2.

h. Recent Accounting Pronouncements

During the year ended December 31, 2003, the Company adopted the following accounting pronouncements:

SFAS No. 143 -- In August 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations, which established a uniform methodology for accounting for estimated reclamation and abandonment costs. The statement was effective for fiscal years beginning after June 15, 2002. The adoption of SFAS No. 143 required the Company to assess the present value of the future environmental remediation costs. The Company estimated this cost at \$64,000 which has been added to the value of the land.

SFAS No. 145 -- On April 30, 2002, the FASB issued FASB Statement No. 145 (SFAS 145), "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS 145 rescinds both FASB Statement No. 4 (SFAS 4), "Reporting Gains and Losses from Extinguishment of Debt," and the amendment to SFAS 4, FASB Statement No. 64 (SFAS 64), "Extinguishments of

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2003 and 2002

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Recent Accounting Pronouncements (Continued)

Debt Made to Satisfy Sinking-Fund Requirements." Through this rescission, SFAS 145 eliminates the requirement (in both SFAS 4 and SFAS 64) that gains and losses from the extinguishment of debt be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect. However, an entity is not prohibited from classifying such gains and losses as extraordinary items, so long as it meets the criteria in paragraph 20 of Accounting Principles Board Opinion No. 30, Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. Further, SFAS 145 amends paragraph 14(a) of FASB Statement No. 13, "Accounting for Leases", to eliminate an inconsistency between the accounting for sale-leaseback transactions and certain lease modifications that have economic effects that are similar to sale-leaseback transactions. The amendment requires that a lease modification (1) results in recognition of the gain or loss in the 9 financial statements, (2) is subject to

FASB Statement No. 66, "Accounting for Sales of Real Estate," if the leased asset is real estate (including integral equipment), and (3) is subject (in its entirety) to the sale-leaseback rules of FASB Statement No. 98, "Accounting for Leases: Sale-Leaseback Transactions Involving Real Estate, Sales-Type Leases of Real Estate, Definition of the Lease Term, and Initial Direct Costs of Direct Financing Leases." Generally, FAS 145 is effective for transactions occurring after May 15, 2002. The adoption of SFAS 145 did not have a material effect on the financial statements of the Company.

SFAS No. 146 -- In June 2002, the FASB issued SFAS No. 146, "Accounting for Exit or Disposal Activities" (SFAS 146). SFAS 146 addresses significant issues regarding the recognition, measurement, and reporting of costs that are associated with exit and disposal activities, including restructuring activities that are currently accounted for under EITF No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The scope of SFAS 146 also includes costs related to terminating a contract that is not a capital lease and termination benefits that employees who are involuntarily terminated receive under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred-compensation contract. SFAS 146 will be effective for exit or disposal activities that are initiated after December 31, 2002 and early application is encouraged. The provisions of EITF No. 94-3 shall continue to apply for an exit activity initiated under an exit plan that met the criteria of EITF No. 94-3 prior to the adoption of SFAS 146. The effect on adoption of SFAS 146 will change on a prospective basis the timing of when the restructuring charges are recorded from a commitment date approach to when the liability is incurred. The adoption of SFAS 146 did not have a material effect on the financial statements of the Company.

SFAS No. 147 -- In October 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 147, "Acquisitions of Certain Financial Institutions" which is effective for acquisitions on or after October 1, 2002. This statement provides interpretive guidance on the application of the purchase method to acquisitions of financial institutions. Except for transactions between two or more mutual enterprises, this Statement removes acquisitions of financial institutions from the scope of both SFAS 72 and Interpretation 9 and requires that those

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2003 and 2002

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Recent Accounting Pronouncements (Continued)

transactions be accounted for in accordance with SFAS No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets". The adoption of

SFAS No. 147 -- Did not have a material effect on the financial

statements of the Company.

SFAS No. 148 -- In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock Based Compensation-Transition and Disclosure-an amendment of FASB Statement No. 123" which is effective for financial statements issued for fiscal years ending after December 15, 2002. This Statement amends SFAS 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based compensation and the effect of the method used on reported results. The adoption of SFAS No. 148 did not have a material effect on the financial statements of the Company.

SFAS No. 149 -- In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" which is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. This statement amends and clarifies financial accounting for derivative instruments embedded in other contracts (collectively referred to as derivatives) and hedging activities under SFAS 133. The adoption of SFAS No. 149 did not have a material effect on the financial statements of the Company.

SFAS No. 150 -- In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" which is effective for financial instruments entered into or modified after May 31, 2003, and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003. This Statement establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) because that financial instrument embodies an obligation of the issuer. The adoption of SFAS No. 150 did not have a material effect on the financial statements of the Company.

FASB Interpretation No. 45 -- "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others an Interpretation of FASB Statements No. 5, 57 and 107". The initial recognition and initial measurement provisions of this Interpretation are to be applied prospectively to guarantees issued or modified after December 31, 2002. The disclosure requirements in the Interpretation were effective for financial statements of interim or annual periods ending after December 15, 2002. The adoption of FASB Interpretation No. 45 did not have a material effect on the financial statements of the Company.

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2003 and 2002

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Recent Accounting Pronouncements (Continued)

FASB Interpretation No. 46 -- In January 2003, the FASB issued FASB Interpretation No. 46 "Consolidation of Variable Interest Entities." FIN 46 provides guidance on the identification of entities for which control is achieved through means other than through voting rights, variable interest entities, and how to determine when and which business enterprises should consolidate variable interest entities. This interpretation applies immediately to variable interest entities created after January 31, 2003. It applies in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. The adoption of FIN 46 did not have a material impact on the Company's financial statements.

During the year ended December 31, 2003, the Company adopted the following Emerging Issues Task Force Consensuses: EITF Issue No. 00-21 "Revenue Arrangements with Multiple Deliverables", EITF Issue No. 01-8 "Determining Whether an Arrangement Contains a Lease", EITF Issue No. 02-3 "Issues Related to Accounting for Contracts Involved in Energy Trading and Risk Management Activities", EITF Issue No. 02-9 "Accounting by a Reseller for Certain Consideration Received from a Vendor", EITF Issue No. 02-17, "Recognition of Customer Relationship Intangible Assets Acquired in a Business Combination", EITF Issue No. 02-18 "Accounting for Subsequent Investments in an Investee after Suspension of Equity Method Loss Recognition", EITF Issue No. 03-1, "The Meaning of Other Than Temporary and its Application to Certain Instruments", EITF Issue No. 03-5, "Applicability of AICPA Statement of Position 9702, 'Software Revenue Recognition' to Non-Software Deliverables in an Arrangement Containing More Than Incidental Software", EITF Issue No. 03-7, "Accounting for the Settlement of the Equity Settled Portion of a Convertible Debt Instrument That Permits or Requires the Conversion Spread to be Settled in Stock", EITF Issue No. 03-10, "Application of EITF Issue No. 02-16 by Resellers to Sales Incentives Offered to Consumers by Manufacturers.

i. Reclassification of Prior Period Balances

Certain prior year balances have been reclassified to conform with the current year presentation.

NOTE 2 - SALE OF PROPERTY

On July 2, 1999, the Company sold property in Colorado to AU Mining, Inc. for a note receivable of \$1,795,853. The note receivable bore interest at 8% per annum and required minimum quarterly payments of \$50,000 with the remaining balance payable via lump sum on July 1, 2004. The note was secured by a Deed of Trust on the properties. Based on the provisions of paragraphs 11-12 and 53-54 of Financial Accounting Standard (FAS) 66: Accounting for Sales of Real Estate, the buyer's initial and continuing investment was inadequate to demonstrate a commitment to pay for the obligation. As such, the Company's gain on the sale had been deferred. As of September 18, 2003, the Company had received \$1,299,925 in payments on the note, of which \$209,045 has been accounted for as a current year gain on sale of asset.

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2003 and 2002

NOTE 2 - SALE OF PROPERTY (Continued)

On September 18, 2003, the Company and AU Mining entered into a new lease agreement whereby the previous option to purchase the property and claims was terminated, and all related debts and deeds were cancelled. As a result of this transaction, the land and related reclamation bond were returned to the Company and were recorded at their original pre-sale cost basis. The related note receivable and offsetting deferred income that were created upon the initial sale were reduced to zero. As a result of the new lease agreement, the Company recorded a Loss on Lease Restructuring of \$71,061, which represents timing differences in the methods of gain/revenue recognition and the elimination of accrued interest associated with the note receivable. The original basis of the land of \$203,655, as well as the reclamation bonds of \$63,835, were put back on the books of the Company.

The provisions of the new lease agreement provide for the lease of the current workings of the Golden Wonder mine and also for the possible expansion of that project over the next several years. The term of the new lease agreement is five years and requires a minimum lease payment of \$50,000 per quarter. In addition, AU Mining is also required to remit a 10% net smelter royalty that will be offset against the lease payment. The new lease agreement specifically excludes the Ute Ule mine and related claims (See Note 5).

Prior to the rescission of the sale, the Company had a 100% interest in the land, but only held a 54.1% interest in the note receivable. This apportionment is due to the Company having assigned 45.9% of the future proceeds and benefits from the land to Caldera Partners Limited Partnership (Caldera) in 1982. The Chief Executive Officer of the Company also owns a controlling interest in Caldera, and as such, Caldera is considered to be a related party. As a result of the new lease agreement, all future lease and royalty proceeds from the leased land will be apportioned at the same ratio between the Company and Caldera.

On September 2003 and November 2003, the Company received the first and second quarterly lease and royalty payment due from AU Mining totaling \$542,090. Of this amount, \$100,000 was assigned to lease revenues, while the remaining \$442,090 was considered as royalties. Due to the assignment of 45.9% of these revenues to Caldera, the Company recorded current period lease and royalty revenues of \$54,100 and \$239,170, respectively, and an increase in the Caldera liability of \$248,819.

As of December 31, 2003, the Company owed Caldera \$989,043. This amount represents 45.9% of the cumulative payments received on the note receivable as well as 45.9% of current lease and royalty payments received. This amount is offset by accrued management fees payable to LKA as a reimbursement for the salary of a shared employee of as well as an allocation of operating costs \$176,933.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Company owes Cognitive Associates Limited Partnership \$56,828 in unpaid principal from a note dated December 31, 1986. The note is unsecured, due upon demand, and accrues interest at 10% per annum. No payments have been made during the years ended December 31, 2003 or 2002. Accrued interest related to this note \$30,874 as of December 31, 2003.

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
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NOTE 3 - RELATED PARTY TRANSACTIONS (Continued)

The Company owes Cognitive Intelligence Limited Partnership \$5,975 in unpaid principal from a note dated October 1, 1987. The note is unsecured, due upon demand, and accrues interest at 10% per annum. No payments have been made during the years ended December 31, 2003 or 2002. Accrued interest related to this note was \$5,975 as of December 31, 2003.

The Company pays a company owned by an officer and shareholder \$750 per month for office rent and expenses. The affiliated Company, (Abraham & Co., Inc. an NASD member and registered investment advisor) also executes the Company's securities transactions and manages its investment portfolio.

On May 23, 2003, the Company repurchased 1,366,836 shares of common stock from an investment trust administered by the Company's President and CEO. The shares were purchased in exchange for \$17,769 in cash, and were immediately cancelled.

The Company has advanced \$64,133 to various parties in the form of legal payments. These advances are secured by company stock owned by the president of the Company, due upon demand and non-interest bearing.

NOTE 4 - SECURITIES AND INVESTMENTS

The Company follows the provisions of SFAS 115 regarding marketable securities. The Company's securities investments that are bought and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are recorded at fair value on the balance sheet in current assets, with the change in fair value during the period included in earnings.

Securities investments that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity securities and recorded at amortized cost in investments and other assets. Securities investments not classified as either held-to-maturity or trading securities are classified as available-for-sale securities. Available-for-sale securities are recorded at fair value in investments and other assets on the balance sheet, with the change in fair value during the period excluded from earnings and recorded net of tax as a separate component of equity. All marketable securities held

by the Company have been classified as available-for-sale securities.

The following is a summary of the Company's investment in trading securities as of December 31, 2003.

	Cost Basis	Gross Unrealized Gains 2002	Fair Value
Equity securities free trading	\$301,558	\$100,537	\$402,095
	-----	-----	-----
	\$301,558	\$100,537	\$402,095
	=====	=====	=====

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
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NOTE 5 - SIGNIFICANT EVENTS

Notification of Possible Environmental Remediation

During the fall of 2002, the Federal Bureau of Land Management (the "BLM") advised the Company of its desire to extend to the Ute-Ule Property certain environmental clean-up activities that it is conducting on neighboring properties that the Company does not own.

The BLM has commissioned and obtained an engineering evaluation and cost analysis ("EE/CA") report on the Ute-Ule and the neighboring public lands. The EE/CA, which was released for a 30 day public comment period in December of 2002, has identified a large volume of mine tailings and metals loading of shallow ground water, with elevated levels of arsenic, cadmium and lead being present. The total clean-up costs on all of these properties are estimated at approximately \$7 million, with the projected clean-up cost of the Ute-Ule alone estimated at approximately \$4,317,000. As of November 18, 2003, the BLM has prepared a written response to the public comments received concerning the EE/CA and is in the process of selecting an overall site clean-up plan and is determining the final engineering plans. Once these tasks are completed, the BLM will then enter into the process of implementing those plans.

Under the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the BLM and EPA may either require a property owner to perform the necessary cleanup or the agencies may perform the work and seek recovery of costs against the owner. The BLM has taken the position that the Company will be liable for the cleanup on the Ute-Ule property, with the timing of the cleanup, the ultimate cost, and the Company's share of the total cost, still to be determined. The BLM has indicated its willingness to negotiate a settlement of the matter and the Company intends to vigorously defend itself. However, the Company is in the early stages of this process and cannot accurately predict a range of what the ultimate liability, if any, will be.

NOTE 6 - NOTES RECEIVABLE

The Company has loaned \$99,997 to seven individuals. These loans are

secured by common stock owned by the president of the Company, bear interest at 8.5% per annum and are due in full by December 15, 2004.

NOTE 7 - SUBSEQUENT EVENTS

The Company anticipates that it will issue 1,000,000 shares of common stock to its president Kye Abraham as a bonus. Additionally it anticipates that it will grant Mr. Abraham 1,000,000 options which are exercisable at \$0.25 per share. These options will vest immediately upon grant and will expire 3 years from the date of grant. No options have been granted as of the date of this report.

Mr. Abraham has also agreed to use his Company stock to collateralize the loans made on behalf of the Northern Arizona Group. The Company may, but is not obligated to withhold all unissued stock and options due to Mr. Abraham until such time as the amounts due from affiliates and the notes receivable are repaid.

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Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

During the past two fiscal years, and since then, there have been no changes in our independent accountants or any disagreements with our independent accountants on accounting and financial disclosure.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.

Identification of Directors and Executive Officers.

The following table sets forth the names of all of our current directors and executive officers. These persons will serve until the next annual meeting of the stockholders or until their successors are elected or appointed and qualified, or their prior resignation or termination.

<TABLE>
<CAPTION>

Name	Positions Held	Date of Election or Designation	Date of Termination or Resignation
<S>	<C>	<C>	<C>
Kye A. Abraham	President Chairman of the Board Director	3/88 3/88 3/88	* * *

Nanette Abraham	Secretary	1990	*
	Director	1990	*
	Treasurer	12/02	*

</TABLE>

* These persons presently serve in the capacities indicated.

Business Experience.

Kye Abraham, President, Chairman of the Board and Director. Mr. Abraham is 45 years old. He has been the President of LKA since 1988. Mr. Abraham is also the President, Chairman of the Board, sole shareholder and a director of Abraham & Co., Inc., a registered NASD broker/dealer. Mr. Abraham is also the Managing Partner of Caldera.

Nanette Abraham, Secretary/Treasurer and Director. Ms. Abraham, age 46, has been employed by Frank Russell and Company, a worldwide financial consulting company, since 1991. She currently serves as a Research Associate. From 1998 to 2002, Ms. Abraham was a Technical Assistant and was an Administrative Assistant since 1991. She has been the Secretary and Director of LKA for over 10 years, and was appointed to the office of Treasurer in December, 2002.

Significant Employees.

LKA has no employees who are not executive officers, but who are expected to make a significant contribution to its business.

Family Relationships.

Our President, Kye Abraham, is the husband of Nanette Abraham, who is our Secretary/Treasurer.

Involvement in Certain Legal Proceedings.

Except as stated below, during the past five years, no director, person nominated to become a director, executive officer, promoter or control person of LKA:

(1) was a general partner or executive officer of any business against which any bankruptcy petition was filed, either at the time of the bankruptcy or two years prior to that time;

(2) was convicted in a criminal proceeding or named subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) was subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction,

permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

(4) was found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Compliance with Section 16(a) of the Exchange Act.

Our President, Kye Abraham, and the CDM Trust, which is controlled by Mr. Abraham, filed Form 3 Initial Statements of Beneficial Ownership of Securities with the Securities and Exchange Commission on September 27, 1988. Mr. Abraham filed Form 4 Statements of Changes in Beneficial Ownership of Securities on January 6, 1989; February 8, 1989; May 1, 1989; January 10, 2003; and January 12, 2004.

Our Secretary/Treasurer, Nanette Abraham, filed a Form 3 with the Securities and Exchange Commission on January 10, 2003.

We believe that each of these persons is currently in compliance with Section 16(a) of the Exchange Act.

Audit Committee.

We have not adopted an audit committee separate from our Board of Directors because the Board of Directors consists of only Mr. and Mrs. Abraham.

Code of Conduct.

We have adopted a Code of Conduct for our President and Secretary/Treasurer. See the Exhibit Index, Part III Item 13, of this Report.

Item 10. Executive Compensation.

The following table sets forth the aggregate compensation paid by LKA for services rendered during the periods indicated:

<TABLE>
<CAPTION>

SUMMARY COMPENSATION TABLE								
Annual Compensation				Long Term Compensation				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
				Other		Secur- ities		All

Name and Principal Position	Year or Period Ended	Salary (\$)	Bonus (\$)	Annual Compensation	Restricted Stock	Underlying Options	LTIP Payouts	Other Compensation
Kye Abraham, Pres. Director	12/31/01 12/31/02 12/31/03	48,000 48,000 68,000	0 0 25,000	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0
Nanette Abraham, Sec./Treas. Director	12/31/01 12/31/02 12/31/03	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0

</TABLE>

Beginning in October, 2003, Kye Abraham began receiving a salary of \$10,000 per month for his services to LKA. Prior to that, his salary was \$9,000 per month. We do not have any employment agreements with Mr. Abraham or with any other party.

Options/SAR Grants in Last Fiscal Year

Individual Grants

<TABLE>
<CAPTION>

(a) Name	(b) Number of Securities Underlying Options/SARs Granted (#)	(c) % of Total Options/SARs Granted to Employees in Fiscal Year	(d) Exercise or Base Price (\$/Sh)	(e) Expiration Date
<S>	<C>	<C>	<C>	<C>
None	-0-	-0-	-0-	-0-

</TABLE>

As of the date of this Report, LKA has not granted any options. However, the Company anticipates that it will grant Mr. Abraham options to purchase 1 million shares of its common stock for a price of \$0.25 per share, exercisable for three years. In addition, the Company expects to issue 1 million shares of common stock to Mr. Abraham as a bonus. However, these shares have not yet been authorized to be issued, and they are not included in any calculations

in
this Report.

Compensation of Directors.

There are no standard arrangements pursuant to which LKA's directors are compensated for any services provided as a director. No additional amounts are payable to our directors for committee participation or special assignments.

Employment Contracts and Termination of Employment and
Change-in-Control Arrangements.

There are no employment contracts, compensatory plans or arrangements, including payments to be received from LKA, with respect to any director or executive officer of LKA that would in any way result in payments to any such person because of his or her resignation, retirement or other termination of employment with LKA or any subsidiary, any change in control of LKA, or a change in the person's responsibilities following a change in control of LKA.

Item 11. Security Ownership of Certain Beneficial Owners and Management and
Related Stockholder Matters.

Security Ownership of Certain Beneficial Owners.

The following table sets forth the shareholdings of those persons who beneficially own more than five percent of our common stock as of the date of this Report:

<TABLE>
<CAPTION>

Name and Address -----	Number of Shares Beneficially Owned -----	Percentage of Class -----
<S>	<C>	<C>
Kye A. Abraham 3724 47th Street Ct. NW Gig Harbor, WA 98335	924,686 (1)	17.5%

</TABLE>

(1) Consists of 907,136 shares that are held in the name of Kye A. Abraham; and 17,550 shares held in the names of Kye A. Abraham and Nanette Abraham.

Security Ownership of Management.

The following table sets forth the shareholdings of our directors and executive officers as of the date of this Report:

<TABLE>
<CAPTION>

Name and Address	Number of Shares Beneficially Owned	Percentage of of Class
<S>	<C>	<C>
Kye A. Abraham 3724 47th Street Ct. NW Gig Harbor, WA 98335	924,686 (1)	17.5%
Nanette Abraham 3724 47th Street Ct. NW Gig Harbor, WA 98335	(2)	(2)
All Directors and Executive Officers as a group (2 persons)	924,686	17.5%

</TABLE>

(1) Consists of 907,136 shares that are held in the name of Kye A. Abraham; and 17,550 shares held in the names of Kye A. Abraham and Nanette Abraham.

(2) As the spouse of Kye Abraham, Nanette Abraham may be deemed to beneficially own all 924,686 shares that Mr. Abraham beneficially owns.

Changes in Control.

To the knowledge of management, there are no present arrangements or pledges of LKA's securities which may result in a change in its control.

Item 12. Certain Relationships and Related Transactions.

Transactions with Management and Others.

Except as indicated below, during the calendar years ended December 31, 2003 and 2002, and since then, there were no material transactions, series of similar transactions, currently proposed transactions, or series of similar transactions, to which LKA or any of its subsidiaries was or is to be a party, in which the amount involved exceeded \$60,000 and in which any director or executive officer, or any security holder who is known to LKA to own of record or beneficially more than five percent of its common stock, or any member of the immediate family of any of the foregoing persons, had a material interest.

Caldera Partners Limited Partnership has the right to receive 45.9% of the proceeds that we are entitled to receive from the Ute-Ule and Golden Wonder properties. Caldera is controlled and managed by our President, Kye

A.
Abraham.

As of December 31, 2003, LKA owed Cognitive Associates Limited Partnership \$56,828 in unpaid principal on a promissory note dated December 31, 1986. The note is unsecured and due on demand and accrues interest at 10% per year. We did not make any payments on this note during the calendar year ended December 31, 2003. As of December 31, 2003, there was \$30,874 in accrued interest on the note. Cognitive Associates is controlled by Mr. Abraham.

As of December 31, 2003, we owed Cognitive Intelligence Limited Partnership \$5,975 in unpaid principal from a note dated October 1, 1987. The note is unsecured, due upon demand, and accrues interest at 10% per year. We did not make any payments on this note during the calendar year ended December 31, 2003. As of December 31, 2003, there was \$5,975 in accrued interest on the note. Cognitive Intelligence is controlled by Mr. Abraham.

We pay Abraham and Company a monthly rent of \$750 for use of our office, telephone and office equipment. Abraham and Company is solely controlled by Mr. Abraham.

During the calendar year ended December 31, 2003, LKA advanced \$64,133 various parties in the form of legal payments. These advances are secured by company stock owned by Mr. Abraham, and are due upon demand and non-interest bearing.

On May 23, 2003, we repurchased 1,366,836 shares of common stock from CDM Trust, of which Mr. Abraham is trustee. These shares were purchased in exchange for \$17,769 in cash, and were immediately canceled.

Certain Business Relationships.

Except as indicated under the heading "Transactions with Management and Others," during the calendar years ended December 31, 2003 and 2002, and since then, there were no material transactions, series of similar transactions, currently proposed transactions, or series of similar transactions, to which LKA or any of its subsidiaries was or is to be a party, in which the amount involved exceeded \$60,000 and in which any director or executive officer, or any security holder who is known to LKA to own of record or beneficially more than five percent of its common stock, or any member of the immediate family of any of the foregoing persons, had a material interest.

Indebtedness of Management.

Except as indicated under the heading "Transactions with Management and Others," during the calendar years ended December 31, 2003 and 2002, there were no material transactions, series of similar transactions, currently proposed transactions, or series of similar transactions, to which LKA or any of its subsidiaries was or is to be a party, in which the amount involved exceeded \$60,000 and in which any director or executive officer, or any

security holder who is known to LKA to own of record or beneficially more than five percent of its common stock, or any member of the immediate family of any of the foregoing persons, had a material interest.

Parents of the Issuer.

LKA has no parents.

Transactions with Promoters.

Except as indicated under the heading "Transactions with Management and Others," during the calendar years ended December 31, 2003 and 2002, there were no material transactions, series of similar transactions, currently proposed transactions, or series of similar transactions, to which LKA or any of its subsidiaries was or is to be a party, in which the amount involved exceeded \$60,000 and in which any promoter or founder, or any member of the immediate family of any of the foregoing persons, had a material interest.

Item 13. Exhibits and Reports on Form 8-K.

Reports on Form 8-K

None.

Exhibits

Exhibit

Number

Description

14	Code of Conduct
31.1	302 Certification of Kye Abraham
31.2	302 Certification of Nannette Abraham
32	906 Certification

DOCUMENTS INCORPORATED BY REFERENCE

Annual Report on Form 10-KSB for the calendar year ended December 31, 2002, filed with the Securities and Exchange Commission on April 3, 2003.

Quarterly Report on Form 10-QSB for the quarterly period ended September 31, 2003, filed with the Securities and Exchange Commission on November 19, 2003.

Item 14. Controls and Procedures.

Within 90 days prior to the date of this report, we carried out an evaluation, under the supervision and with the participation of our President and Secretary/Treasurer, of the effectiveness of the design and operation of

our disclosure controls and procedures. Based on this evaluation, our President and Secretary/Treasurer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic Securities and Exchange Commission reports. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. In addition, we reviewed our internal controls, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of their last evaluation.

Item 15. Principal Accountant Fees and Services.

The following is a summary of the fees billed to LKA by its principal accountants during the calendar years ended December 31, 2003, and December 31, 2002:

Fee category -----	2003 ----	2002 ----
Audit fees	\$16,465	\$14,600
Audit-related fees	\$ -0-	\$ -0-
Tax fees	\$ 2,455	\$ 105
All other fees	\$ 2,363	\$ -0-
Total fees	\$21,283	\$14,705

Audit fees. Consists of fees for professional services rendered by our principal accountants for the audit of our annual financial statements and the review of financial statements included in our Forms 10-QSB or services that are normally provided by our principal accountants in connection with statutory and regulatory filings or engagements.

Audit-related fees. Consists of fees for assurance and related services by our principal accountants that are reasonably related to the performance of the audit or review of LKA's financial statements and are not reported under "Audit fees."

Tax fees. Consists of fees for professional services rendered by our principal accountants for tax compliance, tax advice and tax planning.

All other fees. Consists of fees for products and services provided by our principal accountants, other than the services reported under "Audit fees," "Audit-related fees" and "Tax fees" above.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LKA INTERNATIONAL, INC.

Date: 3-29-04

By /s/ Kye A. Abraham

Kye A. Abraham
President, Chairman of the Board and
Director

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Date: 3-29-04

/s/ Kye A. Abraham

Kye A. Abraham
President, Chairman of the Board and
Director

Date: 3-29-04

/s/ Nanette Abraham

Nanette Abraham
Secretary/Treasurer and Director