

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, 2004

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

For the transition period from _____ to _____

Commission File No. 000-17106

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. []

State Issuer's revenues for its most recent fiscal year: December 31, 2004 - \$265,757.
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State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days.

April 14, 2005 - \$4,991.59. There are approximately 4,991,589 shares of common voting stock of the Company held by non-affiliates. There is no "established trading market" for the Company's securities, so these shares have been arbitrarily valued at par value of \$0.001 per share.

(ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE PAST FIVE YEARS)

Not applicable.

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes No

(APPLICABLE ONLY TO CORPORATE ISSUERS)

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

April 14, 2005

12,750,317*

*This number includes 6,434,042 shares that have been authorized to be issued to Caldera Partners Limited, but which have not yet been formally issued on the issuer's records.

DOCUMENTS INCORPORATED BY REFERENCE

A description of "Documents Incorporated by Reference" is contained in Part III, Item 13 of this Annual Report.

Transitional Small Business Issuer Format Yes X No

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PART I

Item 1. Description of Business.

Organization and Public Offering.

For a discussion of the organization of LKA International, Inc. (referred to as "LKA," the "Company," "we," "us," "our" or words of similar import in 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 March 29, 2004, 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.

Subsequent to December 31, 2004

On March 3, 2005, which is subsequent to the period covered by this Report, the Company completed the acquisition of Caldera's 45.9% interest in the Golden Wonder and Ute Ule mines. Per the terms of the agreement, the Company agreed to issue Caldera 6,434,042 "unregistered" and "restricted" shares of common stock in exchange for Caldera's interest in the mines and the full satisfaction of all receivables due to Caldera from the Company. Caldera was also relieved of any future obligations to contribute further exploration and development funds. For more information on this transaction, see the Company's Current Report on Form 8-K, dated March 3, 2005, and filed with the Securities and Exchange Commission on March 4, 2005. 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 our 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 Company and the BLM remain in the process of discussing and deliberating the reported environmental impacts as previously reported within the EE/CA. No determination of an overall site clean-up plan has yet been made by the BLM. 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 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 7,908,728 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. Prior to March 3, 2005, we paid to Caldera 45.9% of the proceeds that we received from the Properties through our new Lease Agreement with AU Mining. However, on that date, the Company completed the acquisition of Caldera's 45.9% interest in the Golden Wonder and Ute Ule mines. As a result of this assignment, the Company is entitled to receive all of the lease and royalty payments on these Properties. We are not currently engaged in any mining operations on the 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. Effective as of December 31, 2004, we pay monthly rent of \$1,000 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. We are currently negotiating a settlement of this matter, but have not yet reached any definitive agreement.

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 2005 or beyond.

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 Common Equity, Related Stockholder Matters and Small Business Purchases of Equity Securities.

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 -----
December 31, 2003	\$.02	\$.01
March 31, 2004	\$.10	\$.01
June 30, 2004	\$.15	\$.10
September 30, 2004	\$.19	\$.12
December 31, 2004	\$.15	\$.12

----- Holders

The number of record holders of our common stock as of the date of this Annual Report is approximately 527. 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.

Recent Sales of Restricted Securities; Use of Proceeds of Registered Securities.

On August 11, 2004, we issued 1,000,000 "unregistered" and "restricted" shares of our common stock to our President, Kye A. Abraham, in consideration of services valued at \$120,000.

On March 3, 2005, which is subsequent to the period covered by this Report, LKA and Caldera executed an Assignment of Interest in Joint Venture Agreement by which Caldera assigned to us all of its rights to receive lease and royalty payments on the Properties. Pursuant to the assignment, we agreed to issue 6,434,042 "unregistered" and "restricted" shares of our common stock to Caldera. These shares have not yet been formally issued on the Company's records. However, Caldera has filed a Form 3 and a Schedule 13D with the Securities and Exchange Commission with respect to these shares, and unless indicated otherwise, all calculations in this Report take into account the issuance thereof.

Use of Proceeds of Registered Securities.

We did not sell any registered securities during the calendar year ended December 31, 2004.

Purchases of Equity Securities by Us and Affiliated Purchasers.

There were no purchases of our equity securities by us or any affiliated purchasers during the calendar year ended December 31, 2004. However, on December 31, 2004, our Board of Directors resolved to repurchase outstanding shares of the Company when cash resources are available and conditions are favorable. As of the date of this Report, we have not made any such purchases.

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 our 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.

During the year ended 2004, we received total lease payments of \$491,232 compared to the third and fourth quarters of 2003, in which 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 2004 were \$157,557 and in 2003 were \$239,170 and our lease revenues were \$108,200 and \$54,100, for total revenues of \$265,757 and \$293,270, respectively.

Operating expenses increased from \$155,127 in 2003 to \$397,147 in 2004. This change was primarily due to an increase in general and administrative expenses to \$167,453 in 2004, from \$83,795 in 2003. We also paid a bonus of 1,000,000 "unregistered" and "restricted" shares of our common stock, valued at \$120,000, to our President, Kye A. Abraham, in 2004. We realized an operating loss of \$131,390 during the calendar year ended December 31, 2004, as compared to operating income of \$138,143 in 2003.

Interest income declined to \$9,272 in 2004, from \$27,643 in 2003. We had \$89,837 in unrealized gains on securities in 2004, and \$45,604 in realized gains on securities in 2004. This compares to unrealized and realized gains of \$100,537 and \$17,695, respectively, in 2003. We received \$37,560 in dividend income in 2004, versus \$9,991 in 2003.

Due to the new Au Mining lease agreement that we entered into in September, 2003, we recorded a loss on lease restructuring of \$71,061 in that year. 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. These amounts

represent payments on the Au Mining note that was canceled in September, 2003.

The increased gain on sale in 2003 is the result of gains that had been deferred from prior periods.

Net income was \$24,780 in 2004, a decrease of approximately 90% from our net income of \$423,468 in 2003. Basic and diluted net income per share was \$0.00 and \$0.07 per share, respectively, in 2004 and 2003. Our stockholders' equity of \$535,457 at December 31, 2004, represented an increase of approximately 33% in over stockholders' equity of \$490,677 at December 31, 2003.

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, 2004

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REPORT OF INDEPENDENT REGISTERED PUBLIC

ACCOUNTING FIRM

To the Board of Directors
LKA International, Inc.
Gig Harbor, Washington

We have audited the accompanying consolidated balance sheet of LKA International, Inc. as of December 31, 2004 and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2004 and 2003. 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 of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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, 2004, and the results of their operations and their cash flows for the years ended December 31, 2004 and

2003, in conformity with United States generally accepted accounting principles.

/s/HJ & Associates, LLC

HJ & Associates, LLC
Salt Lake City, Utah
April 8, 2005
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LKA INTERNATIONAL, INC.
Consolidated Balance Sheet

ASSETS

	December 31, 2004
CURRENT ASSETS	
Cash	\$ 411,960
Due from affiliates (Note 4)	64,134
Notes receivable (Note 5)	110,164
Accrued interest receivable (Note 5)	410
Margin trading account	63,308
Investment in trading securities	829,498

Total Current Assets	1,479,474

FIXED ASSETS	
Land and mining claims (Notes 2 and 3)	272,714
Accumulated depreciation (Note 3)	(29,587)

Total Fixed Assets, Net of Accumulated Depreciation	243,127

OTHER NON-CURRENT ASSETS	
Reclamation bond (Note 2)	63,835
Deferred Tax Asset (Note 1)	5,100

Total Other Non-Current Assets	68,935

TOTAL ASSETS	\$ 1,791,536
	=====

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, 2004	
CURRENT LIABILITIES		
Accounts payable	\$	51,821
Note payable		10,000
Notes payable - related party (Note 4)		62,803
Accrued interest - related party (Note 4)		42,068
Due to related party (Note 2)		907,531
Income taxes payable (Note 1)		23,407

Total Current Liabilities		1,097,630

NON-CURRENT LIABILITIES		
Asset retirement obligation (Note 3)		58,449

Total Non-Current Liabilities		58,449

Total Liabilities		1,156,079

STOCKHOLDERS' EQUITY		
Common stock; \$0.001 par value, 50,000,000 shares Authorized, 6,281,456 shares issued and outstanding		6,281
Additional paid-in capital		5,516,956
Accumulated deficit		(4,887,780)

Total Stockholders' Equity		635,457

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	1,791,536
		=====

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

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LKA INTERNATIONAL, INC.
Consolidated Statements of Operations

	For the Years Ended December 31,	
	2004	2003
REVENUES		
Operating lease revenue	\$ 108,200	\$ 54,100
Royalty revenue	157,557	239,170
	-----	-----
Total Revenues	265,757	293,270
	-----	-----
OPERATING EXPENSES		
General and administrative	167,453	83,795

Technical consultants	44,774	3,332
Officer salary	64,920	68,000
Officer bonus	120,000	-
	-----	-----
Total Operating Expenses	397,147	155,127
	-----	-----
OPERATING INCOME (LOSS)	(131,390)	138,143
	-----	-----
OTHER INCOME (EXPENSE)		
Interest expense	(7,796)	(8,524)
Interest income	9,272	27,643
Unrealized gains on securities	89,837	100,537
Realized gain on securities	45,604	17,695
Dividend and other investment income	37,560	9,991
Loss on lease restructuring	-	(71,061)
Gain on sale of asset	-	209,044
	-----	-----
Total Other Income	174,477	285,325
	-----	-----
INCOME PRIOR TO INCOME TAX EXPENSE	43,087	423,468
	-----	-----
INCOME TAX EXPENSE (Note 1)	18,307	-
	-----	-----
NET INCOME	\$ 24,780	\$ 423,468
	=====	=====
BASIC AND DILUTED NET INCOME PER SHARE	\$ 0.00	\$ 0.07
	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	5,673,237	6,250,993
	=====	=====

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
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)
	-----	-----	-----	-----
Issuance of 1,000,000 shares of common stock as officer compensation	1,000,000	1,000	119,000	-
Net income for the year				

ended December 31, 2004	-	-	-	24,780
	-----	-----	-----	-----
Balance, December 31, 2004	6,281,456	\$ 6,281	\$5,516,956	\$(4,887,780)
	=====	=====	=====	=====

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,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 24,780	\$ 423,468
Items to reconcile net income to net cash provided by operating activities:		
Unrealized (gain) on investments	(89,837)	(100,537)
Realized (gain) on investments	(45,604)	(17,695)
Investment purchases	(1,117,769)	(373,254)
Investment proceeds	825,807	119,391
Depreciation and impairments	29,587	-
Accretion of asset retirement obligation	1,527	-
Common stock issued as officer compensation	120,000	-
Changes in operating assets and liabilities:		
(Increase) in margin account	(32,430)	(37,167)
Decrease in prepaid and other assets	9,400	13,963
(Increase) decrease in due to/from affiliates	95,421	(41,633)
(Increase) decrease in interest receivable	(8,667)	811
Increase (decrease) in accounts payable	48,803	(15,038)
Increase in deferred tax asset	5,100	-
Increase in income taxes payable	23,407	-
Increase in accrued expenses	6,281	263,703
Increase (decrease) in deferred income	-	(209,045)
	-----	-----
Net Cash Provided (Used) by Operating Activities	(114,394)	26,967
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments in exchange for notes receivable	-	(99,997)
Proceeds from repayments of note receivable	-	336,210
	-----	-----
Net Cash Provided by Investing Activities	-	236,213
	-----	-----

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,	
	2004	2003
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of common stock	\$ -	\$ (27,926)
	-----	-----
Net Cash Used by Financing Activities	\$ -	\$ (27,926)
	-----	-----
INCREASE (DECREASE) IN CASH	\$(114,394)	\$ 235,254
CASH AT BEGINNING OF PERIOD	526,354	291,100
	-----	-----
CASH AT END OF PERIOD	\$ 411,960	\$ 526,354
	=====	=====
CASH PAID FOR:		
Interest	\$ 1,515	\$ 2,259
Income taxes	\$ -	\$ -

NON-CASH INVESTING AND FINANCING ACTIVITIES:

Common stock issued as officer compensation	\$ 120,000	\$ -
Notes receivable issued in exchange for previous notes receivable and related interest	\$ 110,164	\$ -

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, 2004 and 2003

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,

	2004	2003
Net income from operations (numerator)	\$ 24,780	\$ 423,468
Weighted average number of shares outstanding (denominator)	5,673,237	6,250,993
	-----	-----
Income per share	\$ 0.00	\$ 0.07
	=====	=====

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.

c. Exploration Costs

Costs related to locating and evaluating mineral and ore deposits, as well as determining the economic mineability of such deposits are expensed as incurred.

d. Asset Retirement Obligations

On January 1, 2003, the Company adopted SFAS No. 143, Accounting for Asset Retirement Obligations (SFAS 143). SFAS 143 requires legal obligations associated with the retirement of long-lived assets to be recognized at fair value at the time the obligations are incurred. Upon initial recognition of a liability, the cost should also be capitalized as part of the carrying amount of the related long-lived asset. See Note 3.

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LKA INTERNATIONAL, INC.

Notes to the Consolidated Financial Statements

December 31, 2004 and 2003

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. 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 liabilities 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.

The provision (benefit) for income taxes for the years ended December

31, 2004 and 2003 consist of the following:

2003	2004	
Federal:		
Current	\$ 19,014	
-		
Deferred	-	
-		
State:		
Current	4,393	
-		
Deferred	-	
-		
	\$ 23,407	\$
-		

Net deferred tax assets consist of the following components as of December 31, 2004 and 2003:

	2004		2003
Deferred tax assets:			
Accrued Expenses	\$ 10,100	\$	8,400
Deferred tax liabilities:			
Depreciation	(5,000)		-
Valuation allowance	-		
(8,400)			
Net deferred tax asset	\$ 5,100	\$	-

The income tax provision differs from the amount of income tax determined by applying the U.S. federal and state income tax rates of 24% to pretax income from continuing operations for the years ended December 31, 2004 and 2003 due to the following:

	2004		2003
Book income	\$ 10,340	\$	165,155
Meals and entertainment	120		230
Unrealized gain	(21,560)		
(39,210)			
Installment sale	-		
(14,050)			
Stock for services	28,800		-
Other	607		-
Net Operating Loss	-		
(126,080)			
Accrued interest	-		13,955
Valuation allowance	-		-

\$ 18,307 \$ -

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.

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2004 and 2003

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. 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.

f. Cash Equivalents

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

g. Principles of Consolidation

The consolidated financial statements include those of LKA International, Inc., a Delaware corporation, its majority owned partnership and its wholly-owned subsidiary (LKA International, Inc.), a Nevada corporation. All significant intercompany accounts and transactions have been eliminated.

h. 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.

i. 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 Note 2.

j. Securities and Investments

The Company applies the provisions of SFAS No. 115, Accounting for

Certain Investments in Debt and Equity Securities (SFAS 115), regarding marketable securities. The Company invests in securities that are intended to be bought and held principally for the purpose of selling them in the near term, and as a result, classifies such investments as trading securities. Trading securities are recorded at fair value on the balance sheet with changes in fair value being reflected as unrealized gains or losses in the current period. In addition, and in accordance with the provisions of SFAS 115, the Company also classifies the cash flows from purchases, sales, and maturities of trading securities as cash flows from operating activities. The Company determines the amount of realized and unrealized gain and losses attributable to specific investments utilizing the specific identification methodology.

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2004 and 2003

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. New Accounting Pronouncements

On December 16, 2004 the FASB issued SFAS No. 123(R), Share-Based Payment, which is an amendment to SFAS No. 123, Accounting for Stock-Based Compensation. This new standard eliminates the ability to account for share-based compensation transactions using Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and generally requires such transactions to be accounted for using a fair-value-based method and the resulting cost recognized in our financial statements. This new standard is effective for awards that are granted, modified or settled in cash in interim and annual periods beginning after June 15, 2005. In addition, this new standard will apply to unvested options granted prior to the effective date. We will adopt this new standard effective for the first fiscal quarter of 2005, and do not believe the adoption of this Statement will have any immediate material impact on the Company.

In November 2004, the FASB issued SFAS No. 151, Inventory Costs - an amendment of ARB No. 43, Chapter 4. This Statement amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB 43, Chapter 4, previously stated that ". . . under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges. . . ." This Statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Management does not believe the adoption of this Statement will have any immediate material impact on the Company.

In December 2004, the FASB issued SFAS No. 152, Accounting for Real Estate Time-sharing Transactions, which amends FASB statement No. 66, Accounting for Sales of Real Estate, to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position (SOP) 04-2, Accounting for Real Estate Time-Sharing Transactions. This statement also amends FASB Statement No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects, to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Management believes the adoption of this Statement will have no impact on the financial statements of the Company.

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LKA INTERNATIONAL, INC.

Notes to the Consolidated Financial Statements
December 31, 2004 and 2003

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)
k. Recent Accounting Pronouncements (Continued)

In December 2004, the FASB issued SFAS No.153, Exchange of Nonmonetary Assets. This Statement addresses the measurement of exchanges of nonmonetary assets. The guidance in APB Opinion No. 29, Accounting for Nonmonetary Transactions, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. This Statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges incurred during fiscal years beginning after the date of this statement is issued. Management believes the adoption of this Statement will have no impact on the financial statements of the Company.

1. Reclassification of Prior Period Balances

Certain amounts in prior periods have been reclassified to conform with the report classifications of the year ended December 31, 2004, with no effect on previously reported net income or stockholder's equity.

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.

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 represented 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.

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2004 and 2003

NOTE 2 - SALE OF PROPERTY (Continued)

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 6).

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.

During the Years ended December 31, 2004 and 2003, the Company received quarterly lease and royalty payments from AU Mining totaling \$491,232 and \$542,090, respectively. Of these amounts, \$200,000 and \$100,000 were assigned to lease revenues for the years ended December

31, 2004 and 2003, respectively, while the remaining \$291,232 and \$442,090 were considered royalty remittances. Due to the assignment of 45.9% of these revenues to Caldera, the Company recorded lease and royalty revenues of \$108,200 and \$157,557, and \$54,100 and \$239,170, for the years ended December 31, 2004 and 2003, respectively. The portion of these remittances attributable to Caldera were added to the Due to Related Party liability account.

As of December 31, 2004, the Company owed Caldera \$907,531. This amount represents 45.9% of the cumulative payments received on the prior AU Mining note receivable as well as 45.9% of subsequent lease and royalty payments received offset by Caldera's allocation of operating costs incurred by Company.

In March 2005, the Company completed the acquisition of Caldera's interest in the Golden Wonder Mine. See Note 7.

NOTE 3 - ASSET RETIREMENT OBLIGATIONS

SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. The Company's asset retirement obligations (AROs) consist of estimated costs related to the reclamation of the Golden Wonder and Ute Ule mines in correspondence with federal and state reclamation laws as defined by each applicable mine permit. The obligation and corresponding asset are recognized in the p[eriod in which the liability is incurred.

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2004 and 2003

NOTE 3 - ASSET RETIREMENT OBLIGATIONS (Continued)

The Company calculates its estimated AROs for final reclamation and mine closure based upon anticipated amounts and timing of future cash expenditures for a third party to perform the required work. Spending estimates are escalated for inflation (currently estimated at 1.93% per annum), then discounted at the credit-adjusted risk-free rate (estimated at 4.09% per annum at September 18, 2003). The Company records an ARO asset associated with the liability and amortizes the asset over its expected life using the straight-line depreciation method. The ARO liability is accreted to the projected spending date. Changes in estimates could occur due to mine plan revisions, changes in estimated costs, and changes in the timing of the performance of anticipated reclamation activities.

As discussed in Note 2, the Company reacquired its ownership interests in the Golden Wonder and Ute Ule mines on September 18, 2003. At that time, the Company made its initial SFAS 143 transition entries to record the estimated future reclamation costs of the mines. During the fourth quarter of 2004, the Company revised its assessment of the anticipated productivity of the Ute Ule mine, and determined that the mine would not be subject to further development or mining activity. As a result, the entire ARO asset associated

with the mine was written off. A reconciliation of the Company's SFAS 143 accounts and activity is presented below:

	Golden Wonder Mine	Ute Ule Mine	Total
Discounted present value of estimated future reclamation costs (Original ARO Asset)	\$ 36,922	\$ 20,000	\$ 56,922
Accumulated depreciation at December 31, 2004	(9,587)	(20,000)	(29,587)
	-----	-----	-----
Discounted present value of estimated future reclamation costs (ARO Asset, net)	\$ 27,335	\$ -	\$ 27,335
	=====	=====	=====
Discounted present value of estimated future reclamation costs (Original ARO Liability)	\$(36,922)	\$(20,000)	\$(56,922)
Liability accretion through December 31, 2004	(1,527)	-	(1,527)
	-----	-----	-----
Discounted present value of estimated future reclamation costs (Accreted ARO Liability)	\$(38,449)	\$(20,000)	\$(58,449)
	=====	=====	=====

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2004 and 2003

NOTE 4 - 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, 2004 or 2003. Accrued interest related to this note totaled \$36,557 as of December 31, 2004.

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, 2004 or 2003. Accrued interest related to this note totaled \$5,511 as of December 31, 2004.

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.

During fiscal years 2003 and 2004, the Company 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 5 - NOTES RECEIVABLE

In October 2003, the Company loaned \$99,997 to seven individuals. These notes accrued interest at 8.5% per annum and were due in full by December 15, 2004. On December 15, 2004, all seven notes were exchanged for new notes totaling \$110,164. The new notes represent the full value of all prior notes plus accrued interest of \$10,167. All of the replacement notes are secured by common stock owned by the president of the Company, accrue interest at 8.5% per annum, and are due in full by December 15, 2005.

NOTE 6 - 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.

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LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2004 and 2003

NOTE 6 - SIGNIFICANT EVENTS (Continued)

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 7 - SUBSEQUENT EVENTS

In March 2005, the Company completed the acquisition of Caldera's 45.9% interest in the Golden Wonder and Ute Ule mines. Per the terms of the agreement, the Company agreed to issue Caldera 6,434,042 shares of restricted common stock in exchange for Caldera's interest in the mines and the full satisfaction of all receivables due to Caldera from the Company. Caldera will also be relieved of any future obligations to contribute further exploration and development funds.

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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.

Item 8(a). Controls and Procedures.

As of the end of the period covered by this Annual Report, we carried out an evaluation, under the supervision and with the participation of our President and Secretary/Treasurer, of the effectiveness 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 over financial reporting, and there have been no changes in our internal controls or in other factors in the last fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Item 8(b). Other Information.

Subsequent to the date of this Report, the Company completed the acquisition of Caldera's 45.9% interest in the Golden Wonder and Ute Ule mines. Per the terms of the agreement, the Company agreed to issue Caldera 6,434,042 shares of restricted common stock in exchange for Caldera's

interest in the mines and the full satisfaction of all receivables due to Caldera from the Company. Caldera was also relieved of any future obligations to contribute further exploration and development funds. For more information see our 8-K Current Report dated March 3, 2005, filed with the Securities and Exchange Commission on March 4, 2005. See the Exhibit Index, Part III, Item 13 of this Report.

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.

Name	Positions Held	Date of Election or Designation	Date of Termination or Resignation
-----	-----	-----	-----
Kye A. Abraham	President	3/88	*
	Chairman of the Board	3/88	*
	Director	3/88	*
Nanette Abraham	Secretary	1990	*
	Director	1990	*
	Treasurer	12/02	*

* These persons presently serve in the capacities indicated.

Business Experience.

Kye Abraham, President, Chairman of the Board and Director. Mr. Abraham is 46 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 47, 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.

Section 16(a) Beneficial Ownership Reporting Compliance.

Except as indicated below, based solely upon a review of Forms 3 and 4 and amendments thereto furnished to LKA during our most recent fiscal year, and Forms 5 and amendments thereto furnished to us with respect to our most recent fiscal year, we believe all forms required to be filed under Section 16 of the Exchange Act have been timely filed.

On January 12, 2004, Kye A. Abraham and Nanette Abraham jointly filed a Form 4 with respect to a sale of our common stock by CDM Trust, of which Mr. Abraham is the trustee, which sale took place on May 23, 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. A copy of the Code of Conduct was attached as Exhibit 14 to our Annual Report on Form 10-KSB for the calendar year ended December 31, 2003. See 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:

SUMMARY COMPENSATION TABLE								
(a)	(b)	Annual Compensation		Long Term Compensation			(h)	(i)
		(c)	(d)	(e)	(f)	(g)		
Name and Principal Position ensat'n	Year or Period Ended	Salary (\$)	Bonus (\$)	Other Annual Compen- sat'n	Rest- stricted Stock	Secur- ities Under- lying Options	LTIP Pay- outs	All Other Comp-
Kye Abraham, Pres. Director	12/31/02 12/31/03 12/31/04	48,000 68,000 64,920	0 25,000 (1)	0 0 0	0 0 (1)	0 0 0	0 0 0	0 0 0
Nanette Abraham, Sec./Treas. Director	12/31/02 12/31/03 12/31/04	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0

(1) On August 11, 2004, our Board of Directors resolved to issue to Mr. Abraham 1,000,000 "unregistered" and "restricted" shares of our common stock, valued at \$120,000, as a bonus.

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

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

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 1,000,000 shares of its common stock for a price of \$0.25 per share, exercisable for three years. 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:

Number of Shares	Percentage
------------------	------------

Name and Address -----	Beneficially Owned -----	of Class -----
Kye A. Abraham 3724 47th Street Ct. NW Gig Harbor, WA 98335	7,908,728 (1)	60.9%

(1) Consists of 757,136 shares that are held in the name of Kye A. Abraham; 567,550 shares held in the names of Kye A. Abraham and Nanette Abraham; and 6,434,042 shares that Mr. Abraham owns indirectly through Caldera Partners Limited.

Security Ownership of Management.

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

Name and Address -----	Number of Shares Beneficially Owned -----	Percentage of of Class -----
Kye A. Abraham 3724 47th Street Ct. NW Gig Harbor, WA 98335	7,908,728 (1)	62.0%
Nanette Abraham 3724 47th Street Ct. NW Gig Harbor, WA 98335	(2)	(2)
All Directors and Executive Officers as a group (2 persons)	7,908,728	62.0%

(1) Consists of 1,474,686 shares that are held directly by Mr. and Ms. Abraham and 6,434,042 shares that Mr. Abraham owns indirectly through Caldera Partners Limited.

(2) As the spouse of Kye A. Abraham, Nanette Abraham may be deemed to beneficially own all 7,908,728 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, 2004 and 2003, 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.

As of December 31, 2004, 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, 2004. As of December 31, 2004, there was \$36,557 in accrued interest on the note. Cognitive Associates is controlled by Mr. Abraham.

As of December 31, 2004, 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, 2004. As of December 31, 2004, there was \$5,511 in accrued interest on the note. Cognitive Intelligence is controlled by Mr. Abraham.

Beginning December 31, 2004, we pay Abraham and Company a monthly rent of \$1,000 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, 2004, 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, 2004 and 2003, 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, 2004 and 2003, 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, except to the extent that Mr. Abraham may be deemed to be its parent by virtue of his beneficial ownership of approximately 62% of its issued and outstanding shares.

Transactions with Promoters.

Except as indicated under the heading "Transactions with Management and Others," during the calendar years ended December 31, 2004 and 2003, 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

Current Report on Form 8-K, dated October 7, 2004 and filed with the Securities and Exchange Commission on October 8, 2004, regarding a Press Release.

Current Report on Form 8-K, dated March 3, 2005 and filed with the Securities and Exchange Commission on March 4, 2005, regarding the acquisition of Caldera's 45.9% interest in the Golden Wonder and Ute Ule mines.

Exhibits

Exhibit
Number

Description

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, 2003, filed with the Securities and Exchange Commission on March 29, 2004.

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. 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, 2004, and December 31, 2003:

Fee category -----	2004 ----	2003 ----
Audit fees	\$10,112	\$18,828
Audit-related fees	\$ -0-	\$ -0-
Tax fees	\$ 6,014	\$ 2,455
All other fees	\$ -0-	\$ -0-
Total fees	\$16,126	\$21,283

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: 4-15-05

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: 4-15-05

/s/ Kye A. Abraham

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

Date: 4-15-05

/s/ Nanette Abraham

Nanette Abraham
Secretary/Treasurer and Director