

LKA INTERNATIONAL INC /DE/

FORM 10-Q (Quarterly Report)

Filed 05/14/10 for the Period Ending 03/31/10

Address	3724 47TH STREET NW GIG HARBOR, WA 98335
Telephone	2068517486
CIK	0000831355
Symbol	LKAI
SIC Code	1400 - Mining & Quarrying of Nonmetallic Minerals (No Fuels)
Industry	Gold & Silver
Sector	Basic Materials
Fiscal Year	12/31

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

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.

(Exact name of registrant as specified 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)

(253) 851-7486
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [] No [X]

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Not applicable.

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
May 10, 2010 - 14,903,251 shares of common stock.

PART I

Item 1. Financial Statements

The Financial Statements of the Registrant required to be filed with this 10-Q Quarterly Report were prepared by management and commence below, together with related notes. In the opinion of management, the Financial Statements fairly present the financial condition of the Registrant.

LKA INTERNATIONAL, INC.
Consolidated Balance Sheets
(Unaudited)

ASSETS

	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
CURRENT ASSETS:		
Cash	\$ 9,509	\$ 213,405
Margin trading account	678	678
Prepaid expenses	1,460	4,103
Deferred debt issue costs	27,650	36,043
Investments in trading securities	34	39
	<u>39,331</u>	<u>254,268</u>
FIXED ASSETS		
Land, equipment and mining claims	800,351	800,351
Accumulated depreciation	<u>(145,021)</u>	<u>(132,333)</u>
	<u>655,330</u>	<u>668,018</u>
OTHER NON-CURRENT ASSETS		
Reclamation Bonds	113,120	113,120
Deferred debt issue costs	-	494
	<u>113,120</u>	<u>113,614</u>
TOTAL ASSETS	<u>\$ 807,781</u>	<u>\$ 1,035,900</u>

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

LKA INTERNATIONAL, INC.
Consolidated Balance Sheets (Continued)
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 75,282	\$ 115,808
Note payable	10,000	10,000
Notes payable - related party	560,251	498,875
Accrued interest payable - related party	86,760	100,649
Derivative liability	186,512	126,884
	<u>918,805</u>	<u>852,216</u>
NON-CURRENT LIABILITIES		
Derivative liability – long term	-	42,808
Notes payable - related party – long term	-	109,018
Asset retirement obligation	112,960	112,111
	<u>112,960</u>	<u>263,937</u>
Total Non-Current Liabilities	<u>112,960</u>	<u>263,937</u>
Total Liabilities	<u>1,031,765</u>	<u>1,116,153</u>
Commitments and Contingencies		
STOCKHOLDERS' (DEFICIT)		
Preferred stock; \$0.001 par value, 50,000,000 shares authorized, no shares Issued or outstanding	-	-
Common stock, \$0.001 par value, 50,000,000 shares authorized, 14,990,498 shares issued and 14,903,251 shares outstanding respectively	14,991	14,991
Additional paid-in capital	7,847,860	7,847,860
Treasury stock; 87,247 and 87,247 shares at cost, respectively	(86,692)	(86,692)
Accumulated deficit	(8,000,143)	(7,856,412)
	<u>(223,984)</u>	<u>(80,253)</u>
Total Stockholders' (Deficit)	<u>(223,984)</u>	<u>(80,253)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFECIT)	<u>\$ 807,781</u>	<u>\$ 1,035,900</u>

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

LKA INTERNATIONAL, INC.
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended March 31,	
	2010	2009
REVENUES		
Sales - precious metals	\$ 96,133	\$ -
OPERATING EXPENSES		
General and administrative	50,321	51,626
Exploration, development and related costs	72,089	45,512
Officer salaries and bonus	37,500	37,500
Professional and consulting	23,192	35,123
Total Operating Expenses	183,102	169,761
OPERATING LOSS	(86,969)	(169,761)
OTHER INCOME (EXPENSE)		
Loss on derivative	(33,464)	-
Interest expense	(23,321)	(2,055)
Interest income	27	47
Realized gain on securities	-	1,058
Unrealized gain (loss) on securities	(4)	4,027
Other investment income	-	3,709
Total Other Income (Expense)	(56,762)	6,786
NET LOSS	\$ (143,731)	\$ (162,975)
BASIC NET LOSS PER COMMON SHARE	\$ (0.01)	\$ (0.01)
BASIC WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING-BASIC AND DILUTED	14,990,498	12,890,498

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

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

	For the Three Months Ended	
	March 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (143,731)	\$ (162,975)
Items to reconcile net income to net cash provided (used) by operating activities:		
Accretion of asset retirement obligation	849	1,255
Depreciation and amortization	12,688	4,814
Unrealized (gain) loss on investments	5	(4,027)
Realized gain on investments	-	(1,058)
Investment purchases	-	(3,528)
Investment proceeds	-	71,496
Loss on derivative	33,464	-
Amortization of deferred debt issue costs	8,887	-
Changes in operating assets and liabilities		
Decrease in prepaid and other assets	2,643	7,770
(Increase) decrease in money market funds	-	15,788
(Decrease) in accounts payable	(40,526)	(41,465)
Increase in accrued expenses	(13,889)	1,570
Net Cash Provided (Used) by Operating Activities	<u>(139,610)</u>	<u>(110,360)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of construction equipment	-	(62,831)
Net Cash Used by Investing Activities	-	(62,831)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(47,642)	-
Payments on derivative liability	(16,644)	-
Net Cash Used in Financing Activities	<u>(64,286)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	(203,896)	(173,191)
CASH AT BEGINNING OF PERIOD	<u>213,405</u>	<u>182,984</u>
CASH AT END OF PERIOD	<u>\$ 9,509</u>	<u>\$ 9,793</u>
CASH PAID FOR:		
Interest	\$ 28,077	\$ 375
Income taxes	\$ -	\$ -
NON CASH TRANSACTIONS		
Reclassification of debt from Long term debt to Short term debt	\$109,018	\$-

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

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

LKA is currently engaged in efforts to expand mine production and continues to seek additional investment opportunities.

The accompanying unaudited condensed consolidated financial statements have been prepared by LKA pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim condensed consolidated financial statements include normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim condensed consolidated financial statements be read in conjunction with LKA's most recent audited financial statements. Operating results for the three months ended March 31, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

Reclassifications

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

NOTE 2 - RELATED PARTY TRANSACTIONS

Related Party Debt

Cognitive Associates Limited Partnership

LKA 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 three months ended March 31, 2010. Accrued interest related to this note totaled \$66,392 and \$64,971 as of March 31, 2010 and December 31, 2009, respectively.

LKA 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 three months ended March 31, 2010. Accrued interest related to this note totaled \$8,647 and \$8,498 as of March 31, 2010 and December 31, 2009, respectively.

PanAmerican Capital Group

On July 2, 2009, LKA issued a promissory note (the Note) to PanAmerican Capital Group, Inc., a related party company, in exchange for cash of \$545,090. The Note accrues interest at 10% per annum, is secured by a first charge over LKA mining property and claims in Hinsdale County, Colorado and is due in five installments, the first due the first business day of January 2010, with the remaining four due in three months intervals through January 2011. The amount of the payments are to be determined as the higher of either (i) the value of 140 ounces of gold as determined by the closing spot price on COMEX on the business day immediately preceding the installment due date, or (ii) one-fifth (1/5) of the total principal amount, together with accrued interest thereon.

LKA INTERNATIONAL, INC.
Notes to the Consolidated Unaudited Financial Statements
March 31, 2010

NOTE 2 - RELATED PARTY TRANSACTIONS (CONTINUED)

During January 2010, LKA made a partial payment of \$92,064 on the Note, of which, \$16,644 was applied against the derivative liability, \$27,777 was applied against accrued interest and \$47,642 was applied to principle. Accrued interest totaled \$11,721 and \$27,180 at March 31, 2010 and December 31, 2009, respectively.

LKA paid commissions and due diligence fees totaling \$54,509 related to obtaining the funding. Debt issue costs have been deferred and are being amortized over the life of the Note as interest expense. Debt issue costs totaled Amortization of debt issuance costs was \$8,887 for the period ending March 31, 2010. The balance of deferred debt issue costs was \$27,650 and \$36,537 at March 31, 2010 and December 31, 2009, respectively.

Other Related Party Transactions

LKA pays a company owned by an officer and shareholder \$1,500 per month for office rent and expenses. The affiliated Company, (Abraham & Co., Inc. a FINRA member and registered investment advisor) also executes LKA's securities transactions and manages its investment portfolio.

NOTE 3 - SIGNIFICANT EVENTS

Precious Metals Sales

During March 2010, LKA received \$96,133 for net smelter proceeds from the delivery of gold and silver ore from the Golden Wonder mine.

Derivative Liability

LKA accounts for derivative instruments in accordance with ASC Topic 815, "Derivatives and Hedging" and all derivative instruments are reflected as either assets or liabilities at fair value in the consolidated balance sheet.

LKA uses estimates of fair value to value its derivative instruments. Fair value is defined as the price to sell an asset or transfer a liability in an orderly transaction between willing and able market participants. In general, LAK's policy in estimating fair values is to first look at observable market prices for identical assets and liabilities in active markets, where available. When these are not available, other inputs are used to model fair value such as prices of similar instruments, yield curves, volatilities, prepayment speeds, default rates and credit spreads (including for LKA's liabilities), relying first on observable data from active markets. Additional adjustments may be made for factors including liquidity, credit, bid/offer spreads, etc., depending on current market conditions. Transaction costs are not included in the determination of fair value. When possible, LKA seeks to validate the model's output to market transactions. Depending on the availability of observable inputs and prices, different valuation models could produce materially different fair value estimates. The values presented may not represent future fair values and may not be realizable.

LKA categorizes its fair value estimates based on a hierarchical framework associated with three levels of price transparency utilized in measuring financial instruments at fair value. Classification is based on the lowest level of input that is significant to the fair value of the instrument. The three levels are as follows:

LKA INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
March 31, 2010

NOTE 3 - SIGNIFICANT EVENTS (CONTINUED)

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of financial instruments included in level 1 are highly liquid instruments with quoted prices;
- Level 2 — Inputs from active markets, other than quoted prices for identical instruments, are used to model fair value. Significant inputs are directly observable from active markets for substantially the full term of the asset or liability being valued; and
- Level 3 — Pricing inputs significant to the valuation are unobservable. Inputs are developed based on the best information available; however, significant judgment is required by management in developing the inputs.

As a result of the repayment terms of the Note with PanAmerican Capital Group, Inc. (see Note 2) being indexed to the closing spot price of gold on COMEX at each repayment date, the Note is considered to be a hybrid debt instrument with an embedded derivative liability. Accordingly, the embedded derivative liability is required to be bifurcated from the debt host agreement and recorded as a liability at its fair value as of the consolidated balance sheet date. The changes in fair value of the liability are being recorded as current period gains or losses in the consolidated statement of operations.

The fair market value of the embedded derivative liability was determined by applying quoted market prices of gold futures on the COMEX market for instruments that settle on or near the related debt payments, multiplying the quoted prices by the underlying number of troy ounces of gold at each repayment date and subtracting the otherwise required cash payment of the underlying note. During the three months ending March 31, 2010, LKA paid \$16,644 towards the balance of the liability and recorded a loss from derivative liability of \$33,464 as a result of increases in the spot prices of gold. The fair market value of LKA's derivative liability at March 31, 2010 is \$186,512 the total balance is now short term.

NOTE 4 - SUBSEQUENT EVENTS

The Company evaluated all events or transactions that occurred after March 31, 2010 the date the Company issued these financial statements. During this period, the Company did not have any material recognizable subsequent events.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-looking Statements

Statements made in this Quarterly Report 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 our business, including, without limitation, (i) our ability to raise capital, and (ii) statements 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, general economic or industry conditions, nationally and/or in the communities in which we may conduct business, changes in the interest rate environment, international gold prices, legislation or regulatory requirements, conditions of the securities markets, our ability to raise capital, changes in accounting principles, policies or guidelines, financial or political instability, acts of war or terrorism, other economic, competitive, governmental, regulatory and technical factors affecting our current or potential business and related matters.

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. We do not undertake, and specifically disclaim, any obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Results of Operations

For The Three Months Ended March 31, 2010 Compared to The Three Months Ended March 31, 2009.

During the quarterly period ended March 31, 2010, we received \$96,133 in revenues from gold sales. During the March 31, 2009, quarter, we were engaged in exploratory mining operations but recorded no revenues.

Operating expenses increased somewhat from \$169,761 in the quarterly period ended March 31, 2009, to \$183,102 in the quarterly period ended March 31, 2010. This increase was mainly due to increased costs associated with exploration, mine development and bulk sampling activities as well as infrastructure expenditures. Exploration, development and related costs increased to \$72,089 in the quarter ended March 31, 2010, from \$45,512 in the year-ago quarter. General and administrative expenses decreased slightly to \$50,321 from \$51,626 in the quarterly periods ended 2010 and 2009, respectively. Officer salaries and bonus remained \$37,500 in both of these three month periods. Professional and consulting expenses decreased to \$23,192 in the three months ended March 31, 2010, compared to \$35,123 in the 2009 period. We realized an operating loss of \$86,969 during the quarter ended March 31, 2010, as compared to operating loss of \$169,761 in the comparable period in 2009.

We had a \$33,464 loss on the booking of a derivative liability in the three months ended March 31, 2010. Interest expense totaled \$23,321 and \$2,055 in the quarterly periods ended March 31, 2010, and 2009, respectively. Interest income decreased to \$27 in the three months ended March 31, 2010, from \$47 in the three months ended March 31, 2009. We realized no gains on securities in the quarter ended March 31, 2010, compared to \$1,058 in the quarter ended March 31, 2009. Unrealized loss on securities was \$4 for the three months ended March 31, 2010, compared to unrealized gains of \$4,027 for the three months ended March 31, 2009. We received \$0 in other investment income in 2010, compared to \$3,709 in 2009.

Net loss totaled \$143,731, or \$0.01 per share in the three months ended March 31, 2010, compared to \$162,975, or \$0.01 per share in the three months ended March 31, 2009.

Liquidity

Current assets at March 31, 2010, totaled \$39,331. As of that date, we had \$9,509 in cash, as compared to \$213,405 at December 31, 2009.

During the three months ended March 31, 2010, our operating activities used net cash of \$139,610. In the comparable 2009 period, by contrast, operating activities used net cash of \$110,360. Investing activities had no effect on our cash flows in the three months ended March 31, 2010, as compared to \$62,831 cash used by investing activities in the three

months ended March 31, 2009. Cash used by financing activities totaled \$64,286 in the three months ended March 31, 2010, with no cash provided or used by financing activities during the three months ended March 31, 2009.

At March 31, 2010, the Company had a working capital deficit of \$879,474, as compared to working capital deficit of \$597,948 at December 31, 2009.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required.

Item 4T. Controls and Procedures.

Evaluation of disclosure controls and procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. The design of any disclosure controls and procedures also 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.

Based on that evaluation, our chief executive officer and chief financial officer concluded that, as of March 31, 2010, our disclosure controls and procedures were, subject to the limitations noted above, effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules, regulations and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting

Our management, with the participation of the chief executive officer and chief financial officer, has concluded there were no significant changes in our internal controls over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None; not applicable.

Item 1A. Risk Factors.

Not required.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None; not applicable.

Item 3. Defaults Upon Senior Securities.

None; not applicable.

Item 4. (Removed and Reserved).

Item 5. Other Information.

None; not applicable.

Item 6. Exhibits.

Exhibit No.	Identification of Exhibit
31.1	Certification of Kye Abraham Pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2	Certification of Nanette Abraham Pursuant to Section 302 of the Sarbanes-Oxley Act.
32	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

LKA INTERNATIONAL, INC.

Date: May 13, 2010

By: /s/Kye Abraham
*Kye Abraham, President, Chairman of the Board
and Director*

Date: May 13, 2010

By: /s/Nanette Abraham
*Nanette Abraham, Secretary, Treasurer and
Director*

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kye Abraham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LKA International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions);
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 13, 2010

By: /s/Kye Abraham
Kye Abraham, President

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Nannette Abraham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LKA International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions);
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 13, 2010

By: /s/Nannette Abraham
Nannette Abraham, Treasurer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of LKA International, Inc., (the "Company") on Form 10-Q for the period ending March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Kye A. Abraham, President, and Nanette Abraham, Secretary/Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 13, 2010

By: /s/Kye Abraham
Kye Abraham, President

Date: May 13, 2010

By: /s/Nanette Abraham
Nanette Abraham, Treasurer