

Press Release

Source: LKA International, Inc.

LKA INTERNATIONAL, INC. RELEASES FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2005

GIG HARBOR, Wash., August 16/PRNewsire-FirstCall/-- LKA International, Inc. (OTC Bulletin Board: [LKAI - News](#)), announced its financial results for the second quarter ended June 30, 2005. These results are contained in LKA's Quarterly Report on Form 10-QSB for the period, which was filed with the Securities and Exchange Commission today.

The following is a summary of certain information contained in the current Form 10-QSB:

During the quarter ended June 30, 2005, LKA recorded revenues (net royalty payments) of \$239,373 on the production of ore containing 6,635 ounces of gold at the Company's Golden Wonder Mine located near Lake City, CO. This represents a 326% increase over royalties of \$73,218 received during the same period in 2004. A substantial increase in both ore production (31.4%) and ore grade (97.7%) over the same period in 2004 coupled with the acquisition of the Company's affiliate, Caldera Partners, L.P., on March 1st, 2005, were the primary reasons for the increased royalties.

LKA currently receives a 10% "net-smelter" royalty on all ore produced from its Golden Wonder mine by the current lessee/operator, Au Mining, Inc. During the quarter, approximately 337 tons of ore at an average grade of 19.69 ounces of gold per ton were sold to Barrick's Goldstrike facility in Nevada.

Operating expenses for the quarter were \$131,058 vs. \$66,098 incurred in the year-ago period. The increased expenses are primarily attributed to the loss of Caldera's contribution/reimbursement of approximately 45.9% of all project-related expenses, and, increased officer's compensation, travel and promotional expenses. Other income (expense), related to the Company's other investments, was \$7,457 vs. a loss of (\$36,942) in the year-ago period.

For the three months ended June 30, 2005, LKA had pre-tax income of \$115,772 compared to a loss of (\$29,822) during the same period in 2004. For the six months ended June 30, 2005 LKA earned pre-tax income of \$200,337 vs. a loss of (\$65,934) in the year-ago period. Net income (after taxes) for the current period was \$83,712 (\$0.01 per share).

Safe Harbor Statement.

Statements made in this press release 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 principles, 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.