

LKA International, Inc. Announces Legal Action Taken Against Golden Wonder Mine Operator, Au Mining, Inc.

GIG HARBOR, Wash.--(BUSINESS WIRE--February 14, 2007--LKA International, Inc. (OTCBB:[LKAI](#) - [News](#)), LKA is seeking a declaratory judgment and unspecified damages against the operator of the Company's Golden Wonder Mine. Suit was filed in District Court (Hinsdale County, CO) against Au Mining, Inc. and its principal shareholders, Lance Barker and Ken Orvis for tortiously interfering with LKA and Cambior Inc. joint venture arrangements in August and September, 2006.

Just as LKA and Cambior had concluded negotiations of an \$18 million, joint venture agreement, Au threatened legal action and withheld LKA's royalties claiming LKA had fraudulently induced Au Mining into signing the 2003 Lease Agreement under which Au has operated the Golden Wonder Mine. Previously, Barker and Orvis notified both LKA and Cambior that they did not wish to remain as the operator of the Golden Wonder Mine beyond the scheduled, expiration of the Lease in September, 2008. Barker and Orvis now contend that they have the right to rescind the 2003 Lease Agreement and return the parties (LKA & Au) to their pre-lease status. Prior to the 2003 Lease Agreement, Au Mining had exercised an option to purchase the Golden Wonder Mine from LKA. Au has collected receipts from ore sales of more than \$23 million, net of royalties, since it signed the lease with LKA in late 2003.

As a result of Au's threatened litigation, LKA estimates that it incurred damages in excess of \$5 million resulting from unrealized, minimum guarantees in the Cambior agreement as well as a precipitous drop in LKA's share price. Statements from former Cambior executives cite threatened litigation by Au as the primary reason for not completing the joint venture agreement with LKA.

LKA filed its suit against Au Mining in late October, 2006. LKA's initial claims were later amended in January, 2007.

About LKA

LKA International, Inc ("LKA" or the "Company") is a natural resource development company based in Gig Harbor, Washington which owns 100% of the Golden Wonder and Ute Ule Mines located in Colorado. The Company's primary asset is the Golden Wonder Gold Mine, a producing, high-grade mine located near Lake City, CO. The Company currently leases the property to Au Mining, Inc. for which it receives a 10% net smelter royalty. The Company's contract with Au Mining to operate the mine at the existing levels (3 through 6) expires in September 2008.

Gold Production

Since production began in 1998, the Golden Wonder Mine has produced 136,621 ounces of gold from ore with an average grade of 14.84 oz/ton. The average grade of ore has generally increased at depth. Over the past two years (2004-2006) the Golden Wonder Mine produced 55,430 ounces of gold at an average grade of 17.15 ounces per ton of ore mined.

LKA plans to expand production at the Golden Wonder Mine through additional exploration and development work over the next several years and increase its interest to at least 45% of the mine's net-profits. The Company's development plans are subject to a number of conditions including, but not limited to, favorable financing terms/availability, successful exploration at both the upper and lower reaches of the property, permits, favorable geology, etc. There can be no assurance that LKA will be successful in this endeavor.

Forward-looking statements in this release are made pursuant to the 'safe harbor' provisions of the Private Securities Litigation reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including, but not limited to, continued acceptance of the company's products and services, competition, new products and technological changes, as well as any and all 'other risks' associated with business.

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