

Colorado Goldfields Wins Permit for Its Pride of the West Gold Mill From the State of Colorado With Projected 5-Year Gross Revenue of \$200,000,000; Board of Directors Declares a 5000:1 Reverse Stock Split

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AKEWOOD, CO -- (Marketwire) -- 08/21/12 -- [Colorado Goldfields Inc.](#) (OTCQB: CGFIA) (PINKSHEETS: CGFIA) announces that the Company has received approval of its Reclamation Permit Amendment (AM-03) Application for the Company's Pride of the West Mill.

The Pride of the West Mill, near Silverton, Colorado is located within the famous "San Juan Triangle" mining center of southwestern Colorado, which also includes the historic mining towns of Telluride and Ouray, and encompasses one of the most richly mineralized areas of North America. The mill has the capability to process five metals: gold, silver, copper, lead, and zinc. The mill has an ultimate capacity of 700 tons per day.

Colorado Goldfields has received over \$9 million in preliminary purchase orders for toll gold/silver ore milling in advance of the permit process completion from gold/silver ore mines in the area, including: The Silver Wing, Red Arrow, Golden Wonder, and Ruby Trust.

"This event materially transforms the Company. The approval has brought renewed attention to the Company's acquisition plan. Inquiries have already been received from several of the 23 mines within 25 miles of the mill, which have confirmed viable ore concentrations representing an estimated \$3 billion worth of metals still in the ground. We believe that the Company is now in a position to access meaningful capital funding on reasonable terms," stated C. Stephen Guyer, CFO of Colorado Goldfields.

Contributing to the design was Bryan Ulrich, P.E., Senior Vice President for Knight Piésold Consulting. Knight Piésold is an international consulting company providing engineering and environmental services for mining, power, water, transportation and construction sectors around the globe. In the late 1980s Mr. Ulrich completed the site investigation, analyses, design and resident engineering for the Sunnyside #3 tailings facility in Silverton, which converted the facility from a cycloned operation to a conventional earth-fill dam and ended much of the dust problem that was previously attributed to the facility.

The Colorado Division of Reclamation, Mining and Safety finalized its decision to approve with conditions on August 9, 2012.

Consistent with the new character of the Company, the Board of Directors has approved a 5,000 for 1 reverse stock split of the Company's Class A Common Stock as of August 21, 2012, and has filed the necessary material to effect the reverse split with FINRA. The Board of Directors believes that the current market price of the Company's Class A Common Stock is impairing its acceptability to certain investors, clearing firms, and other members of the investing public, and has approved the reverse split in anticipation that it could result in a significant improvement in the per share price of the stock.

C. Stephen Guyer, Chief Financial Officer of Colorado Goldfields, stated, "We are effecting a reverse stock split to better align the stock price with the Company's accomplishments and operational objectives. Further, we have performed extensive multi-variate analysis surrounding this action. We believe this transaction will broaden our shareholder base, increase the appeal of the stock to investors, and help facilitate electronic transactions of our stock through DTCC. While reverse splits are sometimes viewed as a negative event, we strongly believe that this split will provide benefits to our shareholders by improving trading accessibility and liquidity, thereby enhancing long-term shareholder value."

Every 5,000 shares of Class A common stock of CGFIA will automatically combine into one share of Class A common stock. The Reverse Split will reduce the number of shares of outstanding Class A common stock from approximately 28.2 billion pre-split to approximately 5.7 million post-split. The number of authorized

shares of Class A common stock will be reduced from 35 billion to 7 million. Proportional adjustments will be made to Colorado Goldfields' convertible notes and equity compensation plans. All fractional shares will be rounded up to the nearest whole number. The Reverse Split will not negatively affect any of the rights that accrue to holders of CGFIA common stock or common stock equivalents. The reverse split is not a taxable event to existing stockholders.

"The agency conditions regarding the tailings repository are modest and we expect to complete the additional analysis within 90 days. At the same time work has commenced on other areas of the facility. The future of Colorado Goldfields is bright and our confidence level is high that the Company will become a leader in mining and milling in the state of Colorado," said Lee R. Rice, President and CEO of Colorado Goldfields.

Gold stocks

About Colorado Goldfields Inc.

[Colorado Goldfields Inc.](http://www.cologold.com) (OTCQB: CGFIA) (www.cologold.com) is a Denver-based junior exploration and mining company primarily exploring for gold and silver. Our seasoned management team targets historic gold camps with strong potential for multiple deposit discoveries. Currently, our business model in Colorado provides an outstanding combination of former producing properties with excellent exploration and production potential and a currently inactive, modern, up to 700 ton per day capacity mill facility to allow for an attractive short-term production time frame. A 3D animation showing ore processing may be viewed on the Company's website at: www.cologold.com/prideofthewest.htm. A video tour of the Pride of the West Mill may be viewed at: http://www.cologold.com/uploads/2009-05-14_Mill.wmv

The Company has made available a current CGFIA Fact Sheet in PDF format at <http://www.cologold.com/uploads/CGFIFactSheet.pdf>.

Notice regarding forward-looking statements

This news release may contain forward-looking statements or information within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements or information includes statements regarding the expectations and beliefs of management. Forward-looking statements or information include, but are not limited to, statements or information with respect to known or unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Forward-looking statements or information are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements or information, including, without limitation, risks and uncertainties relating to obtaining financing to meet the Company's exploration program and operating costs during its exploratory stage, the interpretation of exploration results and the estimation of mineral resources and reserves, the geology, grade and continuity of mineral deposits, the possibility that future exploration, development or mining results will not be consistent with the Company's expectations, accidents, equipment breakdowns, title matters, or other unanticipated difficulties with or interruptions in production and operations, the potential for delays in exploration or development activities or the completion of feasibility studies, the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, regulatory restrictions, including the inability to obtain mining permits and environmental regulatory restrictions and liability, the speculative nature of mineral exploration, dilution, competition, loss of key employees, and other risks and uncertainties, including those described under "Risk Factors" in the Company's Annual Report on Form 10-K filed on November 23, 2011, which is on file with the Securities and Exchange Commission at <http://www.sec.gov/Archives/edgar/data/1344394/000095012311100285/0000950123-11-100285-index.htm>, as well as the Company's other SEC filings. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information. The Company does not undertake any obligation to release publicly revisions to any "forward-looking statement," to reflect events or circumstances after the date of this news release, or to reflect the occurrence of unanticipated events, except as is required under applicable securities laws.

Cautionary note to U.S. Investors -- The United States Securities and Exchange Commission permits U.S. mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. We use certain terms on this website (or press release), such as "measured," "indicated," and "inferred" "resources," which the SEC guidelines strictly prohibit U.S. registered companies from including in their filings with the SEC. U.S. Investors are urged to consider closely the

disclosures in our 10-K which may be secured from us, or from the SEC's website at <http://www.sec.gov/Archives/edgar/data/1344394/000095012311100285/0000950123-11-100285-index.htm>, this press release may contain information about adjacent properties on which we have no right to explore or mine. We advise U.S. investors that the SEC's mining guidelines strictly prohibit information of this type in documents filed with the SEC. U.S. Investors are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on our properties.

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