

WEST KELOWNA, BRITISH COLUMBIA--(Marketwired - Aug 8, 2016) - [Colorado Resources Ltd.](#) (TSX VENTURE:CXO) ("Colorado" or the "Company") announces an update on drilling at the Inel and Khyber Zones on the KSP Property under option from [Seabridge Gold Inc.](#) whereby Colorado has the right to earn an 80% interest.

Adam Travis President and CEO of Colorado states: *"Although we started drilling only 7 short weeks ago, we already have our second set of assay results from Inel drillholes 9-30. They have clearly demonstrated some very significant high grade gold results up to 5.3 ounces/tonne gold over 1.0 m highlighted in the following table². We are also seeing broader intervals (20 to 99 m) returning > 1 g/t Au attesting to the robust nature of the mineralized system. We have met this year's work commitment and given our continued success we have elected to expand our drill program and should be at the 51% earn in level expenditures by the end of this field season more than a year ahead of schedule. The expanded and accelerated program will focus on follow up of the current drill results at Inel and also commence drilling on the Khyber target located 2 km to the south of Inel. There's plenty of room at Inel for more mineralization as our first pass drilling has tested only about 13% of this impressive soil anomaly on a very broad pattern. This will also be our first drilling in the Khyber area this year and our approach to testing this zone is based on the knowledge gained from our drilling at Inel. The Inel and Khyber Target Zones represent an area of approximately 10 km² of the > 300 km² KSP property, which has been recognized by government geologists as highly prospective with a geological setting similar to the KSM** and Pretium** camps located 30 kilometres to the east. Field crews have also been busy expanding soil coverage and examining/sampling out-crops to the north of Inel and other prospective areas of this large district under Colorado's control.*

Inel Drilling - Holes 9-30 of 40 drillholes completed to date, Values to 5.3 opt Gold

Since drilling commenced at Inel on June 19, 2016 a total of 40 drillholes (5,481.9 m) have been completed. Complete assay results have been received for the first 30 drillholes at Inel and significant results from Drillholes 9-30 are noted in the following table and shown on the attached figure (see News Release dated July 19, 2016 for Holes 1-8).

2016 Work Commitments Met, Program Expanded Drilling Continues

Although Colorado has met its 2016 work commitments, based on the election to continue drilling the Company will work towards the 51% earn in level. Upon declaring that it has satisfied the 51% earn in requirements Colorado at its election would then have the right to earn up to 80% in the KSP Property by incurring a further \$4M in work commitments within one year.

Khyber Drilling Commenced and Inel Drilling to Continue

Drilling has commenced on the Khyber Zone located approximately 2 kilometres to the south of Inel. Initial drill testing at Khyber will focus on a 500 m x 1500 m gold in soil anomaly averaging > 500 ppb gold. This anomaly coincides with the favourable well mineralized volcanic - sediment contact that also was noted at Inel. Work will also continue at Inel, targeting extension drilling in areas that are returning high grade results.

KSP- Inel 2016 Drillholes09-030: Significant Intercepts

Hole ID ¹	Hole Length (m)	From (m)	To (m)	Interval (m) ²	Au (g/t)	Au oz/t ³	Ag (g/t) ⁴	Zn (%) ⁵
INDDH16-009	111.0	19.9	65.1	45.2	1.34			
including		51.0	54.7	3.7	8.58			1.3
including		52.0	53.0	1.0	27.20	0.87		1.3
and		82.0	111.0	29.0	1.42			
including		95.1	101.0	5.9	3.20			
INDDH16-010	126.0	47.9	91.0	43.1	1.17			
including		74.0	75.0	1.0	13.4	0.43		
INDDH16-015		30.0	52.0	22.0	1.06			
INDDH16-016	159.0	46.0	47.0	1.0	5.11		34.4	
and		114.0	123.0	9.0	1.72			
including		114.0	115.0	1.0	5.09		101.0	
INDDH16-017	130.5	9.0	12.9	3.9	5.30			
and		34.0	35.0	1.0	5.87			1.9
and		108.0	119.0	11.0	3.59			
including		113.0	115.0	2.0	14.27	0.46	70.3	3.4
including		114.0	115.0	1.0	22.10	0.71	97.5	5.8
INDDH16-018	150.0	50.0	55.5	5.5	8.94		30.9	7.2
including		53.0	54.0	1.0	23.50	0.76	76.8	5.4
INDDH16-019	156.0	48.9	50.0	1.1	5.16		43.0	2.1
and		102.0	108.0	6.0	1.42			
INDDH16-022	96.0	70.0	74.0	4.0	6.74			1.0

including		72.0	73.0	1.0	17.30	0.56	2.7
INDDH16-023	111.0	26.0	72.3	46.3	1.03		
including		62.0	71.0	9.0	2.21		
including		70.0	71.0	1.0	11.80	0.38	
INDDH16-025	141.0	42.0	141.0	99.0	2.11		
including		42.0	45.0	3.0	0.80		
and		45.0	46.0	1.0	138.50	4.45	1.3
and		46.0	141.0	95.0	0.72		
and		106.0	107.0	1.0	5.77		
INDDH16-026	126.0	84.0	94.0	10.0	3.15		1.8
including		88.0	89.0	1.0	12.20	0.39	1.1
INDDH16-028	126.0	28.0	62.0	34.0	1.59		1.2
including		32.0	33.0	1.0	6.40		50.5
and		51.0	52.0	1.0	10.20	0.33	1.3
INDDH16-029	144.0	44.0	93.0	49.0	5.22		2.4
including		47.0	86.0	39.0	6.35		3.0
including		48.0	73.7	25.7	9.24		36.6
including		48.0	54.0	6.0	32.02	1.03	30.2
including		51.0	52.0	1.0	165.50	5.32	37.1

¹ Using a 5 g/t Au cut-off, Holes 011, 012-014, 020, 021, 024, 027, 030 were not reported.

²The intervals reported in this release represent drill intercepts and insufficient data is available at this time to state the true thickness of the mineralized intervals.

³ Gold Values over 10.00g/t Au converted to troy ounces per metric ton (Au g/t / 31.10348).

⁴ Silver >30.00g/t Ag Reported.

⁵ Zinc >1% Zn Reported.

To view the map accompanying this press release please click the following link:
<http://media3.marketwire.com/docs/CXOMap88.pdf>

Qualified Person

Greg Dawson P.Geo, the Company's Vice President of Exploration is the Qualified Person ("QP") as defined by National Instrument 43-101 that has reviewed and approved the technical content of this news release.

QA/QC Statement

The 2016 samples were analyzed by ALS Minerals of Vancouver, British Columbia. Samples were prepared by the Prep-31b method, which involves crushing the entire sample to 70% passing -2mm, splitting off 1kg and pulverizing the split to better than 85% passing 75 microns. Base metal assays were first determined using the ME-ICP61 method, which reports results as parts per million (ppm). Any samples containing greater than 10,000 ppm zinc were analyzed by the Zn-OG62 method, which reports results as percent. Any samples containing greater than 100 ppm silver were analyzed by the Ag-OG62 method, which reports results as ppm. The gold assays were determined using the Au-AA25 fire assay method which reports results in ppm and are equivalent to grams per tonne (g/t). Any samples returning greater than 100 ppm gold were analyzed by the Au-GRA21 fire assay method with a gravimetric finish. The analytical results were verified with the application of industry standard Quality Control and Quality Assurance (QA-QC) procedures.

For more information on the KSP Project the reader is directed to the Company's website at www.coloradoresources.com.

About Colorado

[Colorado Resources Ltd.](http://www.coloradoresources.com) is currently engaged in the business of mineral exploration for the purpose of acquiring and advancing mineral properties located in British Columbia and is also seeking opportunities in Southwest USA and Latin America.

Colorado's current exploration focus is to continue to advance: the KSP property currently under option with [Seabridge Gold Inc.](http://www.seabridgegold.com), located 15 km's along strike to the southeast of the past producing Snip Mine*; its 100% owned Kingpin property; its 100% owned North ROK property, located 15 km's northwest of the Red Chris* mine development, both located in northern central British Columbia.

ON BEHALF OF THE BOARD OF DIRECTORS OF COLORADO RESOURCES LTD.

Adam Travis

President and Chief Executive Officer

Cautionary Note

*This news release contains information about adjacent properties on which Colorado has no right to explore or mine. Readers are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on the Company's properties and that the mineralization hosted on the KSP Property is not necessarily consistent with that hosted on the KSM or Pretium Property

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this news release, constitute "forward-looking information" as such term is used in applicable Canadian securities laws. Forward-looking information is based on plans, expectations and estimates of management at the date the information is provided and is subject to certain factors and assumptions, including: that the Company's financial condition and development plans do not change as a result of unforeseen events, that the Company obtains required regulatory approvals, that the Company continues to maintain a good relationship with the local project communities. Forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause plans, estimates and actual results to vary materially from those projected in such forward-looking information. Factors that could cause the forward-looking information in this news release to change or to be inaccurate include, but are not limited to, the risk that any of the assumptions referred to prove not to be valid or reliable, which could result in delays, or cessation in planned work, that the Company's financial condition and development plans change, delays in regulatory approval, risks associated with the interpretation of data, the geology, grade and continuity of mineral deposits, the possibility that results will not be consistent with the Company's expectations, as well as the other risks and uncertainties applicable to mineral exploration and development activities and to the Company as set forth in the Company's Management's Discussion and Analysis reports filed under the Company's profile at www.sedar.com. There can be no assurance that any forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader should not place any undue reliance on forward-looking information or statements. The Company undertakes no obligation to update forward-looking information or statements, other than as required by applicable law.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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