



# GOLDEN PHOENIX MINERALS, INC.

## **RESTRUCTURING OF GOLDEN PHOENIX MINERALS PROCEEDS WITH THE WINTER IDLING OF MINERAL RIDGE MINE**

**PR #01-05**

SPARKS, NV, January 12, 2005 - Golden Phoenix Minerals, Inc. (OTC Bulletin Board: GPXM - News), a mineral property development and production company, announced today the inauguration of a comprehensive restructuring of all mining operations beginning with winter idling of the Mineral Ridge gold mine. The idling is designed to redeploy manpower and resources, improve cash flow, and accelerate the development of certain high-yield mine assets. Mineral Ridge is scheduled to resume full operations pending management evaluation of an engineering study commissioned to identify techniques for improving recovery rates from existing and newly uncovered higher-grade ore deposits.

The Company is placing Mineral Ridge into a leach-only status, due in part to the higher costs of winter operation and sub-optimal gold recovery conditions. Mining and crushing operations are suspended for the time being and employees who conducted this work have been furloughed. Leaching operations will continue to extract gold from the leach pad during the coming months. Winterized piping has been installed to allow uninterrupted leaching despite freezing temperatures. Employees trained to maintain the leach pad and round-the-clock circulation of leach solutions have been retained. They will also ensure site security, environmental compliance and safety protocols.

The Company has recently received a completed engineering study performed by a recognized engineering firm. The study was commissioned to assess the Mineral Ridge ore body and provide technical guidance on the advisability of converting from heap leaching to milling. Historically, Mineral Ridge has successfully produced over 570,000 ounces of gold using standard milling techniques.

Steven Craig, Chief Geologist for Golden Phoenix Minerals, stated that, "Together with our Ashdown gold-and-moly mine, Mineral Ridge remains a key asset of the Company. Its exploitation forms a centerpiece for planning and future operations. The information gained over the past 18 months of heap leaching will be essential to guide our efforts as we reconfigure the mine for future production. Our job as managers is to learn from past efforts and be willing to make changes swiftly yet methodically as conditions dictate. I look forward to the potential of Mineral Ridge returning to full production once a comprehensive mining review is finalized."

Golden Phoenix Minerals Inc. is a mineral-property development company headquartered in Sparks Nevada. It specializes in acquiring and consolidating large, advanced-stage properties with potential for near-term production and good resource development potential. Acquisition and development emphasis is on deposits containing gold, silver, copper and other strategic minerals that are located in Nevada and the western United States. Golden Phoenix is committed to creating a high-quality portfolio of projects to achieve substantial, long-term growth and cash flow for its shareholders through production from these properties.

Visit the Golden Phoenix Web site at <http://www.Golden-Phoenix.com/>

Forward-Looking Statements. Certain statements included herein may contain forward-looking information within the meaning of Rule 175 under the Securities Act of 1933 and Rule 3b-6 under the Securities Exchange Act of 1934, and are subject to the safe harbor created by those rules. All statements, other than statements of fact, including, without limitation, statements regarding potential future plans and objectives of the company, are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company's actual results could differ materially from those anticipated in such forward-looking statements as a result of a number of factors. These risks and uncertainties, and certain other related factors, are discussed in the Company's Form 10-KSB, Form 10-QSB and other filings with the Securities and Exchange Commission. These forward-looking statements are made as of this date and the Company assumes no obligation to update such forward-looking statements as a result of a number of factors.