



Santa Fe Gold Corp

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Santa Fe Gold Elects to Repay Remaining \$1.0 Million of Convertible Notes in Cash Rather than in Stock

ALBUQUERQUE, N.M. – September 12, 2007 – Santa Fe Gold Corp (OTC Bulletin Board: SFEG), a U.S.-based mining and exploration enterprise focused on gold, silver, copper and industrial minerals, announced that beginning with the monthly payment due November 1, 2007, it had elected to repay in cash the remaining \$1.0 million of senior secured convertible notes required to be repaid in connection with a \$3.5 million financing completed in 2006.

Since March 2007, the company has been paying principal and interest by the issuance of its common stock. The last three payments total approximately \$1.0 million, with the final payment scheduled January 1, 2008.

Pierce Carson, CEO, said, “Our stock price has declined over the past several months. The amount of stock we issue for payments is tied to our stock price and we have had to issue more stock as the price has declined. We have determined that this trend is not in the best interest of stockholders.

“With respect to our stock price, we believe there now is a very significant disconnect between the stock price and the fundamental value of the company’s assets, considering our substantial precious metals resources and based on peer company comparisons.”

The main purpose of the 2006 financing was to provide cash for acquisition of the Summit silver-gold project, which the company acquired in May 2006. The Summit project is now ready to proceed to production, subject only to the arrangement of construction financing.

About Santa Fe Gold Corp:

Santa Fe Gold Corp (OTCBB: SFEG) is a U.S.-based mining and exploration company focused on acquiring and developing gold, silver, copper and industrial mineral properties. The company owns the Summit silver-gold property and a mill site and processing equipment in southwestern New Mexico; mineral lease rights to the Ortiz gold property in north-central New Mexico, believed to contain two million ounces of gold; the Black Canyon mica mine and processing facility near Phoenix, Arizona; and a large resource of micaceous iron oxide (MIO) in western Arizona. Santa Fe Gold intends to build a portfolio of high-quality, diversified mineral assets with an emphasis on precious metals. To learn more about the company, visit www.santafegoldcorp.com.

Forward Looking Statements:

The information contained herein regarding risks and uncertainties, which may differ materially from those set forth in these statements, in addition to the economic, competitive, governmental, technological and other factors, constitutes a "forward-looking statement" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995 and is subject to the safe harbors created thereby. While the company believes that the assumptions underlying such forward-looking information are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking information will prove to be accurate. Accordingly, there may be differences between the actual results and the predicted results, and actual results may be materially higher or lower than those indicated in the forward-looking information contained herein.

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