



SANTA FE

GOLD CORP

1128 Pennsylvania NE, Suite 200
Albuquerque, New Mexico 87110
Tel: (505) 255-4852
www.santafegoldcorp.com

Santa Fe Gold Reports Progress on Summit Silver-Gold Mine

ALBUQUERQUE, N.M. – May 29, 2008 – Santa Fe Gold Corp (OTC Bulletin Board: SFEG), a U.S.-based mining and exploration enterprise focused on gold, silver, copper and industrial minerals, today reported progress on construction of its Summit Silver-Gold Mine, New Mexico. In February 2008, the company announced it was proceeding with mine and mill construction, following the completion in December 2007 of \$13.5 million of required financing.

Dr. W. Pierce Carson, CEO, said, “We are pleased to announce significant progress in the development of the Summit project. Although we are still at an early stage of construction, we believe we are on track to achieve our targeted twelve-month construction schedule. Our priority is to begin production as soon as possible.”

Construction is well underway at the Lordsburg (Banner) mill site. The work is being carried out by an engineering firm and other contractors under the supervision of the company’s project manager and independent engineer. The site has been cleared and contoured for drainage. The concrete foundation for the ball mill has been poured. Work is underway on foundations for the necessary steel buildings, packages for which have been ordered with delivery expected shortly. Construction has begun of the ore receiving and stockpile pad areas and of the ore conveying and feeding system foundations. Excavation of the tailings dam site has been carried out in order to conduct geotechnical evaluation of the dam footing and facilitate final dam design. At Winston, New Mexico, the processing plant is being disassembled and the equipment transported to the Banner mill site.

At the Summit mine site, the company has modified its original plan to utilize contract underground mining and instead has decided to conduct mining activities using its own personnel. The company believes this owner-operator approach will be more cost effective. The company reached this decision after receiving bids from mining contractors, which were more

costly than expected, apparently due to the current boom in the mining industry. In addition to the important benefit of significant cost savings both initially and in the long term, the route of owner mining also will provide other advantages, in particular with respect to quality and operating issues such as grade control and safety, flexibility as to mining rates, and more efficient mine planning and development.

Due to the change in plan from contract mining to owner mining, the company has modified its initial mining plan for the Summit deposit. The new plan is less aggressive than the old plan but nevertheless is designed to meet the objective that ore will be available for the processing plant when construction of the plant is completed and the plant is ready to receive ore. The critical path of the project to initial production relates to timing of construction of the plant and not to the mining schedule.

In April the company hired a highly experienced Mine Superintendent who has begun assembling a crew of underground miners. The company also is in the process of procuring the necessary underground mining equipment. The company will be in a position to begin underground operations as soon as the mining team and equipment are in place. Major road and pad preparation at the mine site has been completed.

Dr. Pierce Carson, said, "The progress we have made is due largely to the efforts of top new employees who have hit the ground running. We have been fortunate in attracting these people to our small but growing high quality team. Key new people include Pat Freeman, Project Manager for the Summit project; Stan Griffith, Mine Superintendent; and Mike Martinez, Controller and Accounting Manager. I'm pleased to publicly welcome them aboard. Our entire team is excited by the progress we are making at Summit and believe the company is well positioned to take advantage of the current attractive gold and silver prices and to increase long-term shareholder value."

About Santa Fe Gold Corp:

Santa Fe Gold Corp (OTCBB: SFEG) is a U.S.-based mining and exploration enterprise 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.

Contact:

Pierce Carson
1-505-255-4852