



SANTA FE GOLD CORP

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Santa Fe Gold Updates Progress of Construction at Summit Silver-Gold Mine

ALBUQUERQUE, N.M. – September 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 that construction is on track at its Summit mine and processing facilities in southwestern New Mexico and that processing of silver-gold ore is anticipated to begin the first quarter of 2009. In February 2008, the company announced it was proceeding with mine and mill construction, following the completion of \$13.5 million of required financing.

“We are pleased to announce we are on track to achieve our twelve-month construction schedule”, said Dr. W. Pierce Carson, President and CEO. “We plan to have an initial ore stock pile ready for processing when construction of the processing facility is completed and is ready to receive ore. Based on current outlooks and barring unforeseen delays, we anticipate processing to begin in the first quarter of 2009.”

At the Banner mill site, work is being carried out by a force of approximately 40 people coordinated by a lead engineering and construction firm under the supervision of the company’s project manager and independent engineer. All of the major items of equipment to be installed during construction are onsite at the mill site. Refurbishment and installation of the ball mill, flotation plant, and crushing and conveying system are underway. Upgrades of electrical and water systems also are in progress.

At the Summit mine, the company has hired its own mining crew and purchased necessary surface and underground mining equipment. Development of an underground decline has begun and is projected to intersect the main ore zone in December 2008.

The company also has made good progress in identifying and hiring the work force for operations, and currently employs approximately 18 people dedicated full time to the Summit project. Although it will be necessary to hire additional people, key management positions have been filled and core operating personnel have been employed for both the mine and the mill.

Carson said, "Our entire team is excited by the progress we are making at Summit. We are very much focused on achieving production as soon as possible. Looking forward, our goal is to produce significant cash flow from current holdings while creating a portfolio of quality exploration and development projects that will ensure future revenue growth. We 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.

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