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Santa Fe Gold Updates Progress at Summit Silver-Gold Mine, Expects Milling to Begin in Q3 2009

ALBUQUERQUE, N.M. – June 8, 2009 – 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 provided an update of progress at its Summit silver-gold mine in southwestern New Mexico. Construction of the Lordsburg processing plant has been completed and the company expects milling of ore to begin in the third quarter of 2009. The company anticipates selling a high-value gold-silver flotation concentrate to area copper smelters. At the Summit mine, development is progressing satisfactorily and a stockpile of ore has been trucked to the Lordsburg plant site.

“We are pleased to report that we now see our way clear to the start-up of milling operations”, said Dr. Pierce Carson, President and CEO. “Unfortunately, we have experienced a delay in obtaining a permit necessary for construction of the tailings dam, which must be constructed before milling can begin. However, on the basis of recent discussions with the regulatory agency involved, we anticipate shortly receiving the go-ahead for construction of the dam and estimate construction will require 30 to 45 days. We then will be in a position to commence processing and shake down of the mill. Following initial processing, ramp-up of mill throughput is planned to occur over a period of several months in conjunction with increased output from the Summit mine. We have initiated discussions with smelters concerning the purchase of our concentrate.

“We also are discussing with the smelters the near-term purchase of our high-silica ore for use as flux material, a necessary component in the smelting process. Processing of the ore for smelter flux would involve simple crushing and screening and direct shipping to the smelters, with no milling required. We would be paid for the contained precious metals. The ore we already have stockpiled is potentially suitable for smelter flux, and sale of this material would offer the advantage of generating revenue relatively quickly. Longer term, flux sales would provide us with an alternative product for payment of contained precious metals. Such sales also would have the effect of freeing up milling capacity, which would allow processing of additional ore from the Summit mine or from other sources, consistent with our strategy of increasing production and maximizing revenues from the Lordsburg milling operation. Although we are optimistic that flux contracts can be arranged, at this time we can provide no assurances.”

At the Summit mine, a 12’ x 12’ decline ramp intersected the predicted ore body in February 2009. Since then, the company has proceeded to drive two development headings in the ore zone structure, one an incline to the southeast planned to intersect old workings and to serve as a secondary escape and a source of additional ventilation, and the other a decline to the northwest towards additional ore bodies identified in previous drilling. Both of these headings are expected to achieve their immediate objectives in July 2009. Assays of the ore body show variable silver

and gold values, with occasional very high grades encountered. Assay results averaged are consistent with the reserve grades previously calculated for the Summit deposit (10.28 oz/ton silver and 0.143 oz/ton gold). Ore grade material is segregated at the mine and trucked to the Lordsburg mill site. Mining operations are proceeding on the basis of two 10-hour shifts five days a week. The company employs 14 people at the Summit mine and 16 people at the Lordsburg mill site.

At full production, the planned mining rate at Summit is 400 tons per day, or 120,000 tons per year. After trucking to the Lordsburg mill site, the ore will be crushed and milled to produce a high grade saleable flotation concentrate anticipated to contain on the order of 1,000 ounces of silver and 12 ounces of gold per ton. At current silver and gold prices, the mine's revenues over a ten-year mine life are estimated to exceed 200 million, and pre-tax net income is estimated to approximate \$135 million. The company has in excess of \$40 million in tax loss carry-forwards to shelter income tax otherwise payable.

Looking forward, Carson said the cash flow generated from Summit will be important in funding the company's future growth, including further expansion of the resources at Summit and at the Lordsburg mining district, development of the Ortiz gold project and acquisition of other precious and base metal projects.

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 mine and Banner mill, and patented claims over the historic Lordsburg mining district, 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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