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## **SANTA FE GOLD'S LORDSBURG MILL PRODUCES HIGH QUALITY CONCENTRATES FROM SUMMIT GOLD AND SILVER ORE**

**ALBUQUERQUE, N.M. – May 10, 2010 – Santa Fe Gold Corporation (OTCBB: SFEG)** is pleased to announce that its flotation mill is consistently producing high quality gold and silver concentrates from Summit mine ore. The company began commissioning of the mill located in Lordsburg, New Mexico on March 25, 2010.

“Mill commissioning is going exceedingly well and the major start-up issues appear to be behind us”, said Pierce Carson, President and Chief Executive Officer. “For the past three weeks we have been running on a consistent basis with a minimum of interruptions. We anticipate commissioning will continue for at least another month as we optimize the flotation circuit and train additional operators. We are presently processing at the rate of 150 tons per day and are operating on a one shift basis, five days a week. Later this year we plan to ramp up production levels to the rate of 400 tons per day (120,000 tons per year) and will operate on the basis of two shifts per day, seven days a week.

“We also are delighted with the quality of the concentrates being produced. We have been processing low grade ore as planned; however, the concentration ratio of metals from the ore to the concentrates has averaged a factor of 200:1 rather than the expected 100:1. As a result, we have achieved higher than expected concentrate grades from the low grade ore processed. The concentrates average over 10-12 ounces per ton gold and 600-800 ounces per ton silver.

“The excellent performance of the mill is a testament to our Summit project management team and employees, and to our engineering and construction contractors. I want to thank them all for their hard work in achieving this milestone. The mill is a key asset that allows us to execute our strategy of increasing production not only from our Summit mine but from other properties within a trucking radius of Lordsburg.”

The company is in discussions with smelters for the purchase of its concentrates, with the objective of achieving the best possible price. Sale of concentrates is planned to begin immediately upon finalizing a sales contract.

An Arizona smelter has begun processing a trial shipment of 3,000 tons of high-silica flux material shipped earlier this year. The company expects processing to be completed this month and to be able to advance contract discussions in June 2010. With a successful trial and a suitable flux agreement, sales of flux material will provide an additional outlet for Summit ore, this in addition to sales of the Lordsburg mill concentrate. Partial payment for the flux material previously shipped was received in April and the remainder is due to be received in June 2010.

The Summit mine is an underground silver-gold mine being developed on an epithermal vein deposit. For the past several months, in connection with mine development, Santa Fe Gold has been mining and stockpiling ore. Ore from the Summit mine is transported to the company's Lordsburg mill, where a marketable gold-silver concentrate is produced. The mill is fully operational and will process increasing quantities of ore as mining ramps up to a planned production rate of 120,000 tons of ore per year.

Carson stated, "This is a great time to be bringing a new mine into production as gold and silver prices continue to move upwards. We see the remainder of 2010 as one of building shareholder value as we ramp up production, generate increasing cash flows, add to our resource base through exploration and acquisition, and accelerate development of our second and largest mine, the exceptional Ortiz gold deposit."

**About Santa Fe Gold:**

Santa Fe Gold is a U.S.-based mining and exploration enterprise focused on acquiring and developing gold, silver, copper and industrial mineral properties. Santa Fe controls: (i) the Summit mine and Lordsburg mill in southwestern New Mexico; (ii) the Ortiz gold property in north-central New Mexico, estimated to contain two million ounces of gold; (iii) the Black Canyon mica mine and processing facility near Phoenix, Arizona; and (iv) 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 Santa Fe Gold, visit [www.santafegoldcorp.com](http://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 Santa Fe Gold 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 any of those indicated in the forward-looking information contained herein.

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