



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

SANTA FE GOLD SUPPLIES TRIAL SHIPMENT OF SILICEOUS FLUX TO ARIZONA SMELTER FOR PRECIOUS METALS RECOVERY

ALBUQUERQUE, New Mexico – August 26, 2010 – Santa Fe Gold Corporation (OTCBB: SFEG) is pleased to announce it has contracted with ASARCO LLC (“Asarco”) to supply a trial shipment of 1,000 tons of siliceous flux material to Asarco’s Hayden smelter in Hayden, Arizona. The flux material will be processed for precious metals recovery. Santa Fe will be paid for the contained silver and gold less customary charges. The siliceous flux constitutes a beneficiated product of ore from the Summit mine upgraded in silica and precious metals contents through crushing and screening.

“This initial trial of siliceous flux to Asarco’s Hayden smelter, together with a similar trial conducted earlier this year with Freeport-McMoRan Miami’s smelter, is expected to lead to long term contracts”, said Pierce Carson, President and Chief Executive Officer. “Flux sales potentially could be quite significant to Santa Fe and could account for a substantial portion of ore mined at Summit.

“Smelter flux sales add another dimension to our options for processing of Summit ore and to our strategy of expanding our production profile in the Lordsburg area. Ore sold as smelter flux does not have to be milled and therefore frees additional capacity at our Lordsburg mill.”

Santa Fe’s Lordsburg mill is producing a high value gold and silver concentrate. The company has been in negotiations with smelters for sale of the concentrate and expects to begin shipments shortly. The company plans to ramp up production from the Summit mine to 120,000 tons per annum over the next two quarters. At full production, revenues are projected to exceed \$25 million annually, assuming metal prices of \$1000 per ounce for gold and \$16.67 per ounce for silver. Operating costs are projected to be less than \$350 per ounce of gold equivalent produced.

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) a substantial land position at the Lordsburg mill, comprising the core of the Lordsburg Mining District; (iii) the Ortiz gold property in north-central New Mexico, estimated to contain two million ounces of gold; (iv) the Black Canyon mica mine and processing facility near Phoenix, Arizona; and (v) 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.

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.

Contact:

W. Pierce Carson, President and Chief Executive Officer
1-505-255-4852