B10 (Official Form 10) (04/13)

UNITED STATES BANKRUPTCY COURT District of Delaware		PROOF OF CLAIM
Name of Debtor: Santa Fe Gold Corporation, et al.	Case Number: 15-11761 (MFW)	RECEIVED SEP 14 2015 American Legal Claims

NOTE: *Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.*

Name of Creditor (the person or other entity to whom the debtor owes money or property):
W. Pierce Carson

In re: SANTA FE GOLD CORP
Case No: 15-11761
CLAIM 610001

COURT USE ONLY

Name and address where notices should be sent:
W. Pierce Carson
P.O. Box 997
Cedar Crest, New Mexico 87008

Telephone number: (505) 463-9223 email: wpiercecarson@aol.com

☐ Check this box if this claim amends a previously filed claim.

Court Claim Number:_____
(*If known*)

Filed on:_____

Name and address where payment should be sent (if different from above):

Telephone number: email:

☐ Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.

1. Amount of Claim as of Date Case Filed: $ 1,054,315.30

If all or part of the claim is secured, complete item 4.

If all or part of the claim is entitled to priority, complete item 5.

☑ Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.

2. Basis for Claim: salary, expenses, employment termination benefits, royalties
(See instruction #2)

3. Last four digits of any number by which creditor identifies debtor:	**3a. Debtor may have scheduled account as:**	**3b. Uniform Claim Identifier (optional):**
4 3 1 5	Amount $343,022.02 (See instruction #3a)	(See instruction #3b)

4. Secured Claim (See instruction #4)
Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.

Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: $_____

Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other
Describe:

Basis for perfection: _____

Value of Property: $_____

Amount of Secured Claim: $_____

Annual Interest Rate_____% ☐ Fixed or ☐ Variable
(when case was filed)

Amount Unsecured: $_____

5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507 (a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.

☐ Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B).

☐ Wages, salaries, or commissions (up to $12,475*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. § 507 (a)(4).

☐ Contributions to an employee benefit plan – 11 U.S.C. § 507 (a)(5).

Amount entitled to priority:

☐ Up to $2,775* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. § 507 (a)(7).

☐ Taxes or penalties owed to governmental units – 11 U.S.C. § 507 (a)(8).

☐ Other – Specify applicable paragraph of 11 U.S.C. § 507 (a)(__).

$_____

**Amounts are subject to adjustment on 4/01/16 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

6. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)

7. Documents: Attached are **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, security agreements, or, in the case of a claim based on an open-end or revolving consumer credit agreement, a statement providing the information required by FRBP 3001(c)(3)(A). If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evidence of perfection of a security interest are attached. If the claim is secured by the debtor's principal residence, the Mortgage Proof of Claim Attachment is being filed with this claim. *(See instruction #7, and the definition of "**redacted**".)*

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

8. Signature: (See instruction #8)

Check the appropriate box.

☑ I am the creditor. ☐ I am the creditor's authorized agent. ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: W. Pierce Carson
Title:
Company:
Address and telephone number (if different from notice address above):

(Signature) 09/08/2015 (Date)

Telephone number: email:

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, exceptions to these general rules may apply.

Items to be completed in Proof of Claim form

Court, Name of Debtor, and Case Number:
Fill in the federal judicial district in which the bankruptcy case was filed (for example, Central District of California), the debtor's full name, and the case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is at the top of the notice.

Creditor's Name and Address:
Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:
State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:
State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:
State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:
Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

3b. Uniform Claim Identifier:
If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

4. Secured Claim:
Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions.) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation, and state, as of the date of the bankruptcy filing, the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. § 507 (a).
If any portion of the claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:
An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:
Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest and documents required by FRBP 3001(c) for claims based on an open-end or revolving consumer credit agreement or secured by a security interest in the debtor's principal residence. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

8. Date and Signature:
The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate servicer as the company. Criminal penalties apply for making a false statement on a proof of claim.

DEFINITIONS

Debtor
A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

Creditor
A creditor is a person, corporation, or other entity to whom debtor owes a debt that was incurred before the date of the bankruptcy filing. See 11 U.S.C. §101 (10).

Claim
A claim is the creditor's right to receive payment for a debt owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

Proof of Claim
A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

Secured Claim Under 11 U.S.C. § 506 (a)
A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien.

A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

Unsecured Claim
An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

Claim Entitled to Priority Under 11 U.S.C. § 507 (a)
Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

Redacted
A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor must show only the last four digits of any social-security, individual's tax-identification, or financial-account number, only the initials of a minor's name, and only the year of any person's date of birth. If the claim is based on the delivery of health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information.

Evidence of Perfection
Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

INFORMATION

Acknowledgment of Filing of Claim
To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system (www.pacer.psc.uscourts.gov) for a small fee to view your filed proof of claim.

Offers to Purchase a Claim
Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 *et seq.*), and any applicable orders of the bankruptcy court.

September 8, 2015

To: United States Bankruptcy Court, District of Delaware

From: W. Pierce Carson, Unsecured Creditor

Re: Santa Fe Gold Corp, et al, 15-11761 (MFW)
Supplemental Info – Proof of Claim

1. Amount of Claim as of Date Case Filed.

The amount stated of $1,054,315.30 is in dispute. Debtor lists amount owed as $343,022.02. Both these amounts are inclusive of a royalty amount of $237,988.61 owed Carson under a royalty agreement, which is not in dispute. The dispute arose over the manner of termination of Carson's employment with Debtor. Carson was employed under an employment contract dated October 7, 2003. On June 16, 2014, Debtor gave proper notice of termination under the employment contract, which resulted in an amount owed (as stated) of $1,054,315.30. However, subsequently, on June 27, 2014, Debtor gave a second notice of termination "For Cause", which resulted in a lesser amount owed under the contract, listed by Debtor as $343,022.02, but Carson contends should be calculated as $399,972.18.

Attached is a summary of the alternative amounts owed under the first and second notices of termination.

Attached is a statement showing principal and interest included in the Royalty amount owed of $237,988.61.

Carson maintains that the "For Cause" termination was wrongful and under 7 (Documents) is submitting relevant documents. Carson hired counsel and began preliminary arbitration proceedings, however arbitration was not concluded.

2. Basis for Claim.

See items 1 and 7.

3a. Debtor schedule.

See item 1. Debtor scheduled the amount owed as $343,022.02

7. Documents.

Attached are the following documents:

1- Summary of the alternative amounts owed under the first and second notices of termination as of July 31, 2015.
2- Statement showing principal and interest included in the Royalty amount owed of $237,988.61 as of July 31, 2015
3- Carson employment contract, Oct 7, 2003.
4- Carson change of control agreement, Oct 7, 2003
5- Carson property identification agreement, Oct 6, 2003.

6- Carson royalty agreement, Summit mine, May 19, 2009.
7- Notice of termination of Carson's employment, June 16, 2014.
8- Notice of termination of Carson's employment "For Cause", June 27, 2014.
9- Gammage law firm (Carson's counsel) response to June 27 "For Cause" notice of termination, July 9, 2014.

EXHIBIT “1”

Alternative amounts owed W Pierce Carson as of July 31, 2015

(1) Amount owing under proper termination of Employment Contract	
Notice given June 16, 2014	
Salary 3/01/2014 - 10/15/2014	162,984.30
Vacation through 10/15/2014	63,807.04
Expense reports through 10/15/2014	24,331.61
Legal fees	8,416.85
Medical insurance	8,328.00
Termination benefit 2x salary	548,550.00
Royalty (including interest)	237,988.61
Total	**1,054,406.40**

(2) Amount owing under "For Cause" Termination of Employment Contract	
Notice given June 27, 2014	
Salary 3/01/2014 - 6/27/2014	80,701.80
Vacation through 6/27/2014	56,950.16
Expense reports through 6/27/2014	24,331.61
Royalty (including interest)	237,988.61
Total	**399,972.18**

Note: Debtor lists amount owing as **$343,022.02**, which comprises all items shown under (2) except for accrued and unpaid vacation of $56,950.16.

EXHIBIT "2"

Item 1: Royalty - Principal and Interest Charges total $237,988.61, July 31, 2015

Royalty Agreement 5/19/2009 between W. Pierce Carson and Debtor specifies 14% interest on unpaid balance from due date 30 days after end of Quarter.

(Calculated by Debtor)

Start			Royalty	Days Unpaid	Interest owed
Q3 2012	10/31/12	$	9,617.04	822	$ 3,032.13
Q4 2012	01/31/13	$	38,946.07	730	$ 10,904.90
Q1 2013	04/30/13	$	55,034.97	641	$ 13,531.06
Q2 2013	07/31/13	$	28,913.35	549	$ 6,088.44
Q3 2013	10/31/13	$	25,970.04	457	$ 4,552.23
Q4 2013	01/31/14	$	17,197.78	365	$ 2,407.69
Q1 2014	04/30/14	$	6,850.33	276	$ 725.20
Q2 2014	07/31/14	$	743.36	184	$ 52.46
Q3 2014	10/31/14	$	631.76	92	$ 22.29
Q4 2014	01/31/15				
		$	183,904.69		$ 41,316.40
Q1 2015	04/30/15	$	183,904.69	89	$ 6,277.95
Q2 2015	07/31/15	$	183,904.69	92	$ 6,489.57
Date	**07/31/15**	**$**	**183,904.69**		**$ 54,083.92**

Principal	$	183,904.69
Interest	$	54,083.92
Total	**$**	**237,988.61**

EXHIBIT “3”

EMPLOYMENT AGREEMENT

AGREEMENT made as of this 7th day of October 2003 by and between AZCO MINING INC., a Delaware Corporation (the "Company"), with an address at 7239 North El Mirage Road, Glendale, Arizona and W. PIERCE CARSON ("Carson"), an individual residing at 33 Camino de Avila, Tijeras, New Mexico.

WITNESSETH:

In consideration of the mutual covenants and agreements herein contained, the parties hereby agree as follows:

1. **Employment.** The Company agrees to employ, and does hereby employ Carson and Carson hereby accepts such employment, for the Term (as defined below), with the duties and compensation and upon the terms and conditions hereinafter set forth in this Agreement.

2. **Term.** The term ("Term") of Carson's employment shall commence on October 16, 2003 ("Effective Date") and shall continue through and including October 15, 2006, unless earlier terminated as herein provided for in this Agreement. The Term shall thereafter be automatically extended through and including October 15, 2008, and thereafter year-to-year, unless either party gives notice of termination not less than ninety (90) days prior to expiration of the then Term.

3. **Duties and Offices.**

(a) Carson shall be the President and Chief Executive Officer ("CEO") of the Company during the Term and shall perform the services as set forth in the Company's bylaws and as the Company's Board of Directors ("Board") shall direct, which services shall be commensurate with Carson's status as CEO of the Company. Carson shall perform his services subject only to the direction and control of the Board and will report only to the Board.

(b) During the Term, Carson shall devote substantially all of his working time and attention to the business and affairs of the Company, provided however that the Company acknowledges that Carson shall have the right to be a director or officer of other corporations not affiliated with the Company and that a small portion of his time will be devoted to those other activities.

(c) The primary office for the performance of Carson's services and the head office of the Company shall be located in Phoenix, Arizona or, at the discretion of the Board, in Tucson, Arizona or Albuquerque, New Mexico. At the request of the Company, Carson shall relocate his primary residence from Albuquerque, New Mexico to the Company's head office location.

(d) Until such time as Carson relocates his primary residence to the Company's head office location, he shall commute from his Albuquerque residence to the head office and shall arrange his schedule to spend the large majority of his working time at the head office.

4. **Compensation.**

(a) During the Term, the Company shall pay Carson an annual base salary of one hundred eighty thousand dollars ($180,000) in equal semi-monthly installments, less required withholding and other applicable taxes. From time to time the Board shall review Carson's rate of annual base salary and in its sole discretion may increase (but not decrease) such base salary, provided, however, that beginning January 1, 2005, at a minimum Carson's base salary shall be increased effective January 1 of each year by an amount equal to the percentage increase, if any, over the preceding 12 months in the Consumer Price Index for All Urban Consumers – U. S. City Average – All Items. Until October 16, 2004 Carson shall have the option of receiving partial payment of his base salary in the form of common stock in the Company, the terms and conditions of such payment to be mutually agreed between the Company and Carson.

(b) The Board, in its sole discretion, may award Carson annual bonuses during the Term. The amount, terms and conditions of an annual bonus, if any, shall be determined in the sole discretion of the Board.

5. **Expenses, Benefits and Perquisites.**

(a) The Company will pay or reimburse Carson for all travel and other expenses reasonably incurred by Carson during the Term in connection with the performance of his duties hereunder upon presentment of written expense receipts reflecting such expenses.

(b) Until such time as Carson relocates his primary residence from Albuquerque, New Mexico to the Company's head office location, the Company will pay to Carson a per diem allowance to cover the cost of his living expenses at the head office location and the cost of his travel between Albuquerque and the head office.

(c) At such time as Carson relocates his primary residence from Albuquerque, New Mexico to the Company's head office location, the Company will reimburse Carson for reasonable costs of relocation, details of which reimbursement shall be mutually agreed between the Company and Carson prior to Carson's relocation.

(d) The Company shall provide health insurance to Carson, his spouse and dependents.

(e) The Company shall provide to Carson term life insurance in the amount of one million dollars ($1,000,000), naming Carson's estate as beneficiary.

(f) The Company shall provide Carson the use of a 4-wheel drive automobile for business and personal use, the details of which vehicle shall be agreed between Carson and the Company. The Company shall be responsible for the cost of maintenance and insurance of said vehicle, and also for the cost of fuel and oil related to business use of the vehicle, including travel between Carson's home and his place of employment.

(g) Carson shall be entitled to four weeks paid vacation each calendar year. No more than 8 weeks of vacation time may be accrued and carried over into a following calendar year.

(h) Carson shall be entitled to participate in all employee benefit plans and programs maintained by the Company for management employees generally, including, without limitation, all retirement, life and health insurance, incentive compensation including stock option and profit sharing, fringe benefit, and expense reimbursement plans and programs and such other plans and programs as may be specified by the Board.

6. **Obligations of the Company upon Termination.** Upon termination of Carson's employment as provided for in Section 2, the Company shall pay to Carson the following: a lump sum cash payment of accrued but unpaid base salary and accrued but unpaid vacation; annual bonus, if any, prorated to the date of termination; a lump sum cash amount equal to the annual base salary amount if termination occurs effective October 16, 2006, or twice the annual base salary amount if termination occurs effective October 16, 2008 or thereafter; and continued health care benefits for Carson, his spouse and dependents for a period of two (2) years after termination of employment. Termination shall not affect any rights that Carson may have at the time of termination pursuant to any insurance, retirement, pension, stock or option award or other benefit plan or arrangement with the Company.

7. **Disability.** If Carson is unable to perform his services by reason of illness or incapacity for a period of 180 consecutive days, the Company shall have the right to terminate Carson's employment at any time after the 180th day, provided that on the effective date of termination, Carson is still disabled. Such termination shall not affect any rights that Carson may have at the time of termination pursuant to any insurance, retirement, pension, stock or option award or other benefit plan or arrangement with the Company. During the period of disability prior to termination, the Company shall pay to Carson the base salary provided for in this Agreement and shall comply with all other terms and conditions of this Agreement. Upon termination pursuant to this Section 7, the Company shall pay to Carson the following: a lump sum cash payment of accrued but unpaid base salary and accrued but unused vacation; annual bonus, if any, prorated to the date of termination; a lump sum cash amount equal to the annual base salary amount; and continued health care benefits for Carson, his spouse and dependents for a period of two (2) years after termination of employment.

8. **Death of Carson.** In the event that Carson should die during the Term, Carson's employment under this Agreement shall be deemed terminated. Such termination shall not affect any rights that Carson, his spouse or estate may have at the time of his death pursuant to any insurance or other death benefit, retirement, pension, stock or option award or any other benefit plan or arrangement with the Company. Upon the death of Carson, the Company shall pay to Carson's estate the following: a lump sum cash payment of accrued but unpaid base salary and accrued but unused vacation; annual bonus, if any, prorated to the date of termination; and continued health care benefits for Carson's spouse and dependents for a period of two (2) years after the death of Carson.

9. **Discharge for Cause.** The Board of Directors of the Company may discharge Carson For Cause at any time. Such discharge shall be effected by written notice to Carson which shall specify the reasons for Carson's discharge and the effective date thereof. As used herein, the term "For Cause" shall mean only chronic alcoholism, drug addiction, criminal dishonesty or willful violation of direct written instructions from the Board of Directors of the Company relating to a material matter which directions are consistent with all applicable laws, rules and regulations and orders to which Carson or the Company are subject and the provisions of this Agreement unless cured within ten (10) days after notice. Upon termination pursuant to this Section 9, Carson's employment and all benefits under this Agreement shall terminate, except that such termination shall not affect any right that Carson may have at the time of termination pursuant to any insurance or other death benefit, retirement, pension, stock or option award or any other benefit plan or arrangement with the Company. Upon termination, the Company shall pay to Carson the following: a lump sum cash payment of accrued but unpaid base salary and accrued but unused vacation; and annual bonus, if any, prorated to the date of termination.

10. **Indemnification.** The Company shall indemnify Carson to the fullest extent permitted by law and the certificate of incorporation and bylaws of the Company from and against any loss, claim, liability and/or expense incurred for, or by reason of, or arising out of, acts of Carson as an officer and/or director of the Company or any subsidiary.

11. **Additional Compensation.** In recognition of Carson's services to the Company and as a further inducement for Carson to enter into this Agreement, the Company has agreed contemporaneously herewith, to issue to Carson non-plan, non-qualified options to purchase four million (4,000,000) shares of the Company's common stock at an exercise price of eleven cents ($.11) per share, which options shall expire on October 15, 2013. One million (1,000,000) of the options shall be exercisable commencing the Effective Date, another one million (1,000,000) shall be exercisable commencing April 16, 2004, another one million (1,000,000) shall be exercisable commencing October 16, 2004, and the remaining one million (1,000,000) options shall be exercisable commencing April 16, 2005. The Company has agreed to register the shares underlying the options in an S1 Registration to be filed with the Securities and Exchange Commission prior to December 31, 2003. The options, if not exercised during the Term, shall survive any termination of this Agreement.

12. **Dispute Resolution.** Any controversy or claim arising out of or relating to this Agreement and the obligations and responsibilities of the parties hereto or the breach or alleged breach by any of the parties of their respective obligations hereunder shall be settled by arbitration in the city of Phoenix, Arizona by one arbitrator in accordance with the then governing Rules of the American Arbitration Association. The written decision of the arbitrator shall be final and binding upon the Company and Carson. Judgment upon the award rendered may be entered and enforced in any court of competent jurisdiction. Notwithstanding the above, either party shall be entitled to seek and obtain injunctive or similar relief from a court of competent jurisdiction where appropriate pending arbitration. Both parties hereby submit to the exclusive jurisdiction of the courts of the State of Arizona or Federal Courts situated in Maricopa County, Arizona for such purpose and for purposes of enforcing any arbitration award. The Company shall pay all legal fees and expenses reasonably incurred by Carson in good faith as a result of any claim or arbitration arising from this Agreement.

13. **Miscellaneous.**

(a) Carson's Change of Control Agreement with the Company executed contemporaneously herewith shall remain in full force and effect for the duration of the Term.

(b) Carson's Property Identification Agreement with the Company dated October 6, 2003 shall remain in full force and effect during the Term and shall survive termination of this Agreement.

(c) This Agreement contains the entire understanding between the parties hereto concerning the subject matter hereof. Only an instrument in writing executed by the parties hereto may amend this Agreement.

(d) This Agreement shall be construed and enforced in accordance with the laws of the State of Arizona.

(e) This Agreement and the rights and obligations of the parties hereto shall bind and inure to the benefit of the successor or successors of the Company, whether by merger, consolidation or otherwise.

(f) Any notice to be given pursuant to the terms of this Agreement shall be in writing and delivered by hand or sent by registered or certified mail to such party at such party's address set forth above or to such other address or to the attention of such other person as either party has specified by prior written notice to the other party.

(g) A party's waiver of a breach of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach of this Agreement by such other party. No waiver shall be valid unless in writing and signed respectively by an authorized officer of the Company or by Carson.

(h) Carson acknowledges that his services are unique and personal. Accordingly, Carson shall not assign his rights or delegate his duties or obligations under this Agreement.

(i) Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

(j) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officer thereunto duly authorized, and Carson has executed this Agreement all as of the date first above set forth.

AZCO MINING INC.

Lawrence G. Olson
Chairman, President and Chief Executive Officer

W. Pierce Carson

EXHIBIT “4”

CHANGE OF CONTROL AGREEMENT

This agreement ("Agreement") dated October 7, 2003 by and between Azco Mining Inc., a Delaware corporation (the "Company") and W. Pierce Carson, the corporate officer (the "Officer").

Whereas the Officer has rendered valuable services to the Company and the Company desires to be assured that the Officer will continue to render such services to the Company;

Whereas the Officer is willing to serve the Company but desires assurance that he will be protected in the event of any change of control of the Company;

Now therefore, in consideration of the mutual covenants and promises herein, the parties agree as follows:

The Company agrees that if

(1) there is a change of control of the Company ("Change of Control" as defined below); and

(2) the Officer leaves the employment of the Company, for whatever reason (other than discharge for cause, death or disability) within six months after such Change of Control; then

(a) the Officer shall receive as a lump sum, a cash payment in the amount of 299% of the base amount as defined in IRC Section 280G (b) (3); provided, that in any event, the amount payable under this clause (a) shall not exceed the maximum amount payable to the Officer without the imposition of any excise taxes under the provision of Section 4999 of the Internal Revenue Code as that section may be amended from time to time.

(b) The Officer, his spouse and dependents will continue to be covered by all of the Company's medical, health, life and dental plans for 24 months after such Change of Control.

The amounts paid to the Officer hereunder shall be considered severance pay in consideration of the past services he has rendered to the Company and in consideration of his continued service from the date hereof to his entitlement to those payments. The Officer shall have no duty to mitigate his damages by seeking other employment. Should the Officer actually receive other payments from any such other employment, the payments called for hereunder shall not be reduced or offset by any future earnings.

As used herein, the term "Change of Control" shall mean either:

(1) the acquisition of (whether direct or indirect) shares in excess of 20 percent of the outstanding shares of common stock of the Company by a person or group of persons, other than through a public equity offering by the Company; or

(2) the occurrence of any transaction relating to the Company required to be described pursuant to the requirements of Item 6 (e) of Schedule 14A of Regulation 14A of the Securities and Exchange Commission under the Securities and Exchange Act of 1934; or

(3) any change in the composition of the Board of Directors of the Company resulting in a majority of the present directors not constituting a majority, provided that in making such determination, directors who were elected by, or on the recommendation of, such present majority shall be excluded.

The arrangements called for by this Agreement are not intended to have any effect on the Officer's participation in any other benefits available to executive personnel or to preclude other compensation or additional benefits as may be authorized by the Board of Directors from time to time.

This Agreement shall be binding and shall inure to the benefit of the respective successors, assigns, legal representatives and heirs to the parties hereto.

This Agreement shall terminate, even though prior to any Change of Control, if the Officer shall voluntarily resign, retire, become permanently and totally disabled, voluntarily take another position requiring a substantial portion of his time, or die. This Agreement also shall terminate if the Officer's employment as an officer of the Company shall have been terminated for any reason by the Board of Directors of the Company as constituted prior to any Change of Control.

In witness whereof, the parties have executed this Agreement this 7th day of October, 2003.

AZCO MINING INC.

Lawrence G. Olson, Chairman of the Board

W. Pierce Carson, Officer

EXHIBIT “5”

W. Pierce Carson
P. O. Box 831
Cedar Crest, NM 87008

October 6, 2003

PRIVATE AND CONFIDENTIAL
Lawrence G. Olson
Chief Executive Officer
AZCO Mining Inc.
7239 El Mirage Road
Glendale, AZ 85307

Property Identification Agreement

Dear Mr. Olson:

As we have discussed, Azco Mining Inc. ("the Company") wishes to acquire high quality exploration and mining properties as part of its objectives for growth. From my experience in the mining industry prior to my association with the Company, I am aware of specific properties that may represent attractive acquisition opportunities for the Company. Although I have knowledge of these properties, I do not control them. You have asked that I disclose to the Company the identity of the properties in return for appropriate compensation. I am pleased to do so and this letter agreement ("Agreement") sets forth the basis on which we agree that I will disclose the identity of the properties and associated information.

In Exhibit A of this letter, attached hereto and hereby made a part hereof, I have provided a list of twenty-four (24) properties that constitute the properties ("Properties" or "Property") the subject of this Agreement. I will further make available to the Company all of the information I possess relating to the Properties. If after reviewing the information, the Company wishes to further investigate one or more Properties, I will cooperate fully to facilitate the Company's detailed assessment and to aid in acquisition.

The Company agrees that the identity of the Properties is being disclosed to the Company on a non-exclusive basis. However, during the period I have a consulting or employment relationship with the Company, I agree that I will not promote to third parties any Property in which the Company has expressed interest and is actively pursuing. The Company must provide me written notice of such active status of any such Property.

In return for disclosing the identity of the Properties, the Company agrees to compensate me as follows:

(1) If I am not otherwise employed by or have a full time consulting arrangement with the Company, the Company will compensate me at normal consulting rates for any time I devote to the Properties at the Company's request. Otherwise, compensation for the time so devoted will be considered covered by the then existing employment or consulting arrangement.

(2) The Company shall pay to me and/or to my heirs a production royalty of one percent (1%) of the gross value of all production or sales derived from any one or more of the Properties that the Company acquires any time after the date of this Agreement and in which it continues to hold an interest at the time of production. As used here, the term "production royalty" shall have the meaning commonly understood in the mining industry, i. e., a percentage amount of the gross dollar value of final mineral products or sales, based on world market prices during the period of production, after deduction only for any smelting or refining charges but not for operating costs, other charges or taxes. Royalties will be paid quarterly in arrears calculated on the value of production without a limitation as to dollar amount. At the commencement of production, the Company and I will enter into a royalty payment agreement containing terms typical for such agreements.

(3) If the Company acquires an interest in any Property and subsequently sells or disposes of that interest, the Company shall pay to me an amount equal to ten percent (10%) of the value of the amount of the sale or disposition upon the closing of the transaction. Upon such sale or disposition and payment to me, the Company's obligation to pay me a royalty on that Property will cease.

Each of us agrees to keep strictly confidential the contents of this Agreement and recognizes that failure to do so could cause harm to the other.

This Agreement contains the entire understanding between us as to the subject matter hereof and may be amended only by an instrument in writing executed by both of us.

This Agreement and our respective rights and obligations shall bind and inure to the benefit of my heirs and successors, and shall bind and inure to the benefit of the successor or successors of the Company, whether by merger, consolidation or otherwise.

This Agreement shall be construed and enforced in accordance with the laws of the State of Arizona.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

If the foregoing correctly sets forth our agreement, please sign and return the enclosed copy of this letter.

Yours sincerely,

W. Pierce Carson

AGREED TO AND ACCEPTED AS OF THE DATE HEREOF

Azco Mining Inc.

Lawrence G. Olson
Chief Executive Officer

EXHIBIT “6”

PRODUCTION ROYALTY AGREEMENT

THIS AGREEMENT is made as of May 19, 2009 between W. Pierce Carson, an individual with an address PO Box 831, Cedar Crest, New Mexico 87008 ("Carson"), and Santa Fe Gold Corporation, a Delaware corporation with an address 1128 Pennsylvania NE, Suite 200, Albuquerque, New Mexico ("Santa Fe").

WHEREAS, in October 2003, Santa Fe and Carson entered into a Property Identification Agreement whereby Carson disclosed the identity of mineral properties of possible acquisition interest to Santa Fe;

WHEREAS, the Property Identification Agreement provides that as compensation to Carson, Santa Fe shall pay to Carson a production royalty of one percent (1.0%) of the gross value of production or sales from identified properties acquired by Santa Fe and placed into production;

WHEREAS, in May 2006 and December 2007, Santa Fe and its subsidiary The Lordsburg Mining Company acquired rights to certain patented and unpatented mining claims over the Summit property, Steeple Rock Mining District, Grant County, New Mexico, which Summit property is a property identified in the Property Identification Agreement and from which Santa Fe plans to commence production in 2009; and,

WHEREAS, as contemplated in the Property Identification Agreement, Santa Fe and Carson wish to enter into this Agreement granting to Carson a one percent (1.0%) production royalty from minerals mined from the area interior to the outer boundary of Santa Fe's claim block at the Summit property as shown on Attachment A ("Property") upon the terms and conditions herein stated.

NOW, THEREFORE, for good and valuable consideration, the exchange, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

I
GRANT OF PRODUCTION ROYALTY

1.1 If the Property is placed into Commercial Production, Santa Fe agrees to pay to Carson in cash a royalty equal to one percent (1.0%) of the Gross Proceeds, as defined herein, from the proceeds received during the quarter commencing with Commercial Production and from the proceeds received during any subsequent calendar quarter.

1.2 Santa Fe shall pay to Carson such production royalty payments within thirty (30) days after the end of each calendar quarter for which production royalty is determined to be payable, commencing with Commercial Production.

Interest shall accrue on delinquent payments due hereunder at the rate of fourteen percent (14.0%) per annum, calculated and payable monthly from the due date until the date of payment.

1.3 Santa Fe shall pay the production royalty to Carson by check mailed via registered or certified mail, return receipt requested, to his address specified in Section 6.1 below or by another agreed method of payment. At the time of making a production royalty payment, Santa Fe shall deliver to Carson a statement showing the amount of production royalty due and the manner in which it was determined and shall submit to Carson data reasonably necessary to enable Carson to verify the determination.

1.4 For gold and silver products, Carson shall be entitled to take, at his risk and expense, payment of the production royalty in the form of refined metal or final product at the smelter, refinery or other treatment facility.

1.5 In any calendar quarter, should Santa Fe not sell minerals, produced at least thirty (30) days prior to the end of the quarter in a final form ready for sale, Carson may, at his option, require Santa Fe nonetheless to pay production royalty thereon, based on the market value of the unsold minerals. At the end of each quarter, Santa Fe shall notify Carson of any such minerals that have been produced but not sold. Santa Fe then shall pay Carson production royalty on such minerals within ten (10) days after notice from Carson that Carson wishes to exercise his rights under this Section 1.5.

1.6 The production royalty reserved to Carson and Santa Fe's obligation to pay the same shall not be limited as to dollar amount.

II
DEFINITION OF GROSS PROCEEDS AND COMMERCIAL PRODUCTION AND CALCULATION OF PRODUCTION ROYALTY

2.1 As used in this Agreement, the term "Gross Proceeds" shall mean the gross dollar value of final mineral products or sales, based on world market prices during the period of production, of payments for mineralized rock or products of mineralized rock produced, shipped and sold from the Property, including beneficiated products produced from such products at locations other than on the Property, received by Santa Fe or entities associated with Santa Fe from unrelated purchasers, after deduction only for any smelting or refining charges actually paid by Santa Fe but not for operating, transportation or other treatment costs, or other charges, royalties or taxes.

2.2 As used herein, the term "Commercial Production" shall mean the first calendar quarter in which products extracted from the Property are shipped therefrom for any purpose other than testing. "Commercial Production" shall not include test shipments or sales of products; provided, such test shipments or sales shall not in the aggregate exceed one hundred (100) tons of unbeneficiated mineralized rock or five (5) tons of beneficiated products.

2.3 Santa Fe shall sell products only in accordance with standard industry commercial terms unless Carson shall otherwise agree in writing. Amounts received from the sale of minerals shall not be less than the average sales price as indicated by the New York or London fixing for such minerals at the time of sale. The average market prices for gold

and silver during a calendar quarter shall be determined by averaging the respective daily closing prices of gold and silver on the COMEX for all trading days during the quarter.

2.4 The production royalty payable in U.S. dollars relating to any calendar quarter shall be calculated by multiplying the Gross Proceeds from sales during that quarter by one percent (1.0%).

III
CO-MINGLING OF MINERALS

3.1 After mineralized rock or products from the Property have been sampled and measured in accordance with industry practices, in such manner as will permit the computation of production royalty payments to be made hereunder, Santa Fe may co-mingle and mix the same with mineralized rocks or products from other sources.

IV
ASSIGNMENT

4.1 Santa Fe may assign, convey or otherwise transfer this Agreement, either in whole or in part, or any right, title or interest in, to or under all or any part of the Property. Carson may assign this Agreement, either in whole or in part. No such assignment shall operate to relieve an assignee of any obligation or liability arising under the terms hereof.

V
INSPECTION

5.1 Carson and his authorized representatives shall have the right, at Carson's cost, to inspect at all reasonable times and to have an audit conducted in respect of the Property, together with Santa Fe's production records relating to the Property and products produced and shipped, including all accounts relative to Gross Proceeds and the calculation thereof together with supporting documentation. In the event that an audit conducted by Carson demonstrates that proper payment has not been made to Carson, then Santa Fe shall immediately pay to Carson any deficiency, together with an additional amount equal to twenty percent (20%) of such deficiency.

VI
GENERAL

6.1 Notices

All notices, payments and other required communications to the parties shall be in writing, and shall be addressed respectively as follows:

To Santa Fe: Santa Fe Gold Corporation
Attention: President

1128 Pennsylvania NE. Suite 200
Albuquerque. New Mexico 87110

To Carson: W. Pierce Carson
PO Box 831
Cedar Crest. New Mexico 87008

All notices shall be given by registered or certified mail. return receipt requested. Such mail notices shall be effective and deemed delivered on the next business day after actual receipt. A party may change its address from time-to-time by notice to the other party.

6.2 Entire Agreement

This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof. No representation, warranty or promise pertaining hereto or to the Property has been made by, or shall be binding on, either party, except as stated herein.

6.3 Benefit

This Agreement shall be binding upon and inure to the benefit to the parties hereto, their respective successors and assigns.

6.4 Currency

All references herein to money are stated in lawful currency of the United States.

6.5 Construction

The laws of the State of New Mexico shall govern the interpretation, construction, and performance of this Agreement.

6.6 Further Assurances

Each party agrees that it shall from time to time take such actions and execute such additional documents as may be reasonably necessary or convenient to implement and carry out the intent and purpose hereof.

6.7 Term

This Agreement shall terminate forty (40) years from the date hereof, or otherwise pursuant to law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective May 19, 2009.

SANTA FE GOLD CORPORATION

By _____
Lawrence G. Olson, Chairman

W. PIERCE CARSON

By _____
W. Pierce Carson

EXHIBIT “7”

SANTA FE GOLD

6100 Uptown Blvd NE, Suite 600, Albuquerque, New Mexico 87110 | Tel: 505-255-4852 | www.santafegoldcorp.com

June 16, 2014

VIA HAND DELIVERY AND CERTIFIED MAIL

W. Pierce Carson
6100 Uptown Blvd NE, Suite 600
Albuquerque, New Mexico 87110

Re: Employment Agreement, dated October 7, 2003 (the "*Employment Agreement*") between Azco Mining Inc., a Delaware corporation, currently known as Santa Fe Gold Corporation (the *Company*") and W. Pierce Carson

Dear Dr. Carson:

Reference is made to the above-referenced Employment Agreement. Please note that Section 2, of the Employment Agreement, TERM, provides in pertinent part:

> The term ("Term") of Carson's employment shall commence on October 16, 2003 ("Effective Date") and shall continue through and including October 15, 2006, unless earlier terminated as herein provided for in this Agreement. The Term shall thereafter be automatically extended through and including October 15, 2008, and thereafter year-to-year, ***unless either party gives notice of termination not less than ninety (90) days prior to expiration of the then Term.*** *(emphasis added)*

Pursuant to Section 2 of the Employment Agreement, notice of termination, at least prior to 90 days prior to the expiration of the current Term (as defined in the Employment Agreement), is hereby given by the Company.

Yours very truly,

SANTA FE GOLD CORPORATION

By: FRANK MUELLER
CHIEF FINANCIAL OFFICER & SECRETARY
BY ORDER OF THE BOARD OF DIRECTORS

EXHIBIT “8”

SANTA FE GOLD

6100 Uptown Blvd NE, Suite 600, Albuquerque, New Mexico 87110 | Tel: 505-255-4852 | www.santafegoldcorp.com

June 27, 2014

VIA HAND DELIVERY AND CERTIFIED MAIL

W. Pierce Carson
6100 Uptown Blvd NE, Suite 600
Albuquerque, New Mexico 87110

Re: Employment Agreement, dated October 7, 2003 (the "*Employment Agreement*") between Azco Mining Inc., a Delaware corporation, currently known as Santa Fe Gold Corporation(the "*Company*") and W. Pierce Carson ("*Carson*")

Dear Dr. Carson:

Reference is made to (a) the above-referenced Employment Agreement and (b) that certain notice of termination letter dated June 16, 2014 (the "*June 16, 2014 Termination Notice*").

Please note that Section 9, of the Employment Agreement, DISCHARGE FOR CAUSE, provides in pertinent part:

> DISCHARGE FOR CAUSE. The Board of Directors of the Company may discharge Carson For Cause at any time. Such discharge shall be effected by written notice to Carson which shall specify the reasons for Carson's discharge and the effective date thereof. As used herein, the term "For Cause" shall mean only chronic alcoholism, drug addiction, criminal dishonesty or willful violation of direct written instructions from the Board of Directors of the Company relating to a material matter which directions are consistent with all applicable laws, rules and regulations and orders to which Carson or the Company are subject and the provisions of this Agreement unless cured within ten (10) days after notice.

Pursuant to Section 9 of the Employment Agreement, notice of termination "For Cause," is hereby given by the Company to be effective immediately, as the violations cannot be cured. The reasons for Carson's discharge include:

I.

WILLFUL VIOLATIONS OF DIRECT WRITTEN INSTRUCTIONS FROM THE BOARD OF DIRECTORS IN CONNECTION WITH TYHEE GOLDEN PROJECT; AIDING AND ABETTING CRIMINAL DISHONESTY

On March 17, 2014, the Independent Special Committee of the Company's Board of Directors (the "ISC") adopted the following written resolution (the "**TYHEE RESOLUTION**"):

> RESOLVED, that all discussions and communications with Tyhee be conducted only through Jakes Jordaan as representative of the ISC; and

On March 18, 2014, the following resolution was adopted by the ISC (the "**STRATEGIC DISCUSSIONS RESOLUTION**"):

> RESOLVED, that all discussions and communications with Tyhee, Coral Reef, Vincere, Waterton, IGS, Sandstorm and other strategic investor be conducted only through Jakes Jordaan as representative of the ISC

By email attachment, on March 24, 2014, the Strategic Discussions Resolution, was again provided in writing to Carson and also provided in writing to Carson in the transmitting email.

> As we discussed in the ISC meeting, it is important to have consistent messaging. As such, please note the following resolution adopted by the ISC (a copy of the minutes is gain provided herewith):
> RESOLVED, that all discussions and communications with Tyhee, Coral Reef, Vincere, Waterton, IGS, Sandstorm and other strategic investor be conducted only through Jakes Jordaan as representative of the ISC; and

Once more, by email, on April 23, 2014, the Strategic Discussions Resolution and the Tyhee Resolutions were again made perfectly clear in writing to Carson, and his supporter on the ISC, Glenn Henricksen:

> As the Board once again confirmed (we recognize your opposing view) that the litigation option is the better alternative with respect to Tyhee, the Tyhee Complain will be filed shortly. Our damage claim includes damages resulting from the loss of the Vincere deal and other opportunities.
>
> As the Board has adopted several resolutions regarding communications with Tyhee, ***any unauthorized communications from either a board member or management with Tyhee (and Hans Black) will be harmful to Santa Fe*** and will surface in discovery.

On Thursday, June 12, 2014, a Special Meeting of the Board of Directors was called to review and approve a Memorandum of Understanding, which was already executed by Canarc Resources Corp. (the "Canarc MOU"). The Canarc MOU contained changes that were unfavorable for Carson, personally, particularly when viewed in light of payments he was to receive under the terminated Tyhee transaction:

Management	Upon execution of the Arrangement Agreement, the following individuals will be appointed by the Santa Fe board to the Santa Fe position indicated: Catalin Chiloflischi – Interim President & CEO Garry Biles – Interim COO Frank Mueller - Interim CFO Management salaries at their current levels paid by Canarc and Santa Fe, will be accrued by Santa Fe from the date of signing the arrangement agreement until after the date of completion of the transaction and financing.

On June 13, 2014, the ISC approved the execution and delivery of the MOU. The MOU contained the following Exclusivity Provision (herein so called):

> The Parties hereby agree that from the date hereof through to October 15, 2014 (the "Exclusivity Period"): (a) each of the Parties shall, and shall direct its representatives to,

> ***immediately cease any existing activities, discussions or negotiations with any person or group other than the other Party with respect to the direct or indirect sale of any assets of the Party or any change of control transaction (collectively, an "Acquisition Proposal");*** and (b) each of the Parties shall not, and shall direct its representatives ***not to, with any person or group other than the other Party, initiate, solicit or encourage, directly or indirectly, any inquiries or the making or implementation of any proposal or offer with respect to an Acquisition Proposal, or engage in any negotiations, provide information or data or have any discussions with respect to an Acquisition Proposal.*** The Exclusivity Period may be extended by mutual agreement of the parties in writing. The Parties hereby agree that this exclusivity provision will be legally binding on the Parties upon execution of this Memorandum. (***emphasis added***)

Carson was provided with a copy of the executed MOU. With full knowledge of the Strategic Discussion Resolution, Tyhee Resolution and the Exclusivity Provision, Carson and Briggs coordinated a call with Koza Gold, Tyhee's anticipated partner in a secret transaction to obtain control of Santa Fe, code-named "Tyhee Golden Project." These communications were in violation of the Strategic Discussion Resolution, the Tyhee Resolution and the Exclusivity Provision.

-----Original Message-----
From: Brian Briggs <bbriggs@bkbassoc.com>
To: 'Halit Semih Demircan' <Semih.Demircan@kozagold.com>; wpiercecarson <wpiercecarson@aol.com>
Cc: 'Zafer Kara' <Zafer.Kara@kozagold.com>; 'Omer Albayrak' <Omer.Albayrak@kozagold.com>; 'Mach, Leah' <lmach@srk.com>; 'Swanson, Bret' <bswanson@srk.com>
Sent: Fri, Jun 13, 2014 10:23 am
Subject: Santa Fe Gold
Semih,

The contact for the CEO of Santa Fe Gold is attached below. He will be waiting for you to contact him either through email or his cell phone number.

Further, on June 13, 2014, Carson emailed Briggs in yet another clear violation of the Strategic Discussion Resolution, the Tyhee Resolution and the Exclusivity Agreement.

The ISC believes that Carson's primary motivation is that a Tyhee designed deal means massive change-in-control payments and consulting payments to Carson and his son.

This was not bad enough. On June 13, 2014, Carson once again violated the Strategic Discussion Resolution, the Tyhee Resolution and the Exclusivity Agreement by writing to Brian Briggs and his partner that "we will be happy to provide **information on Santa Fe** and will be pleased to host a visit to our **projects** in New Mexico."[1]

From: Pierce Carson [mailto:wpiercecarson@aol.com]
Sent: Friday, June 13, 2014 8:19 PM
To: bbriggs@bkbassoc.com; Halit Semih Demircan
Cc: Zafer Kara; Omer Albayrak; lmach@srk.com; bswanson@srk.com
Subject: Re: Santa Fe Gold

Brian,

We very much appreciate the introduction.

Semih,

We will be happy to provide information on Santa Fe and will be pleased to host a visit to our projects in New Mexico.

I look forward to your phone call.

Best regards,

Pierce Carson
President & CEO
Santa Fe Gold Corp
5100 Uptown Blvd NE, Suite 600
Albuquerque, NM 87110
office 505 256 4852 x 106
mobile 505 463 9223

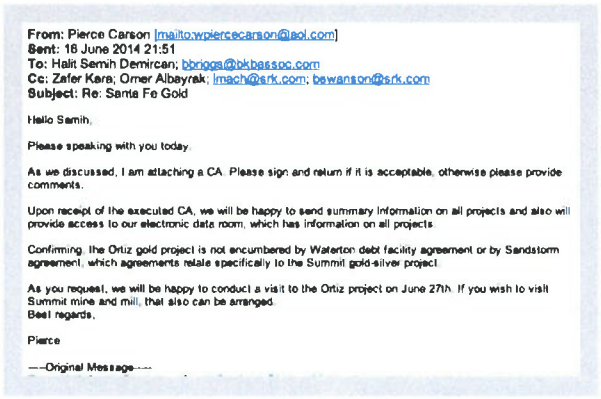
Carson neither copied the ISC on these communications or informed the ISC on this strategic transaction related communication.

The violations become even worse.

---

[1] It is important to note that the initial scope of information encompasses all of Santa Fe's information and all its projects. No reference was made of Ortiz at this point.

On June 16, 2014, Carson wrote to Biggs and Tyhee's co-conspirator: "Upon receipt of the executed CA, we will be happy to send summary information on ***all projects*** and also will provide access to our electronic data room, ***which has information on all projects***." This communication with Briggs once again violated the Strategic Discussion Resolution, the Tyhee Resolution, written instructions from the ISC and the Exclusivity Agreement. These clandestine violations of the Strategic Discussion Resolution, the Tyhee Resolution and the Exclusivity Agreement constitute a blatant disregard of fundamental corporate governance principles.



From: Pierce Carson [mailto:wpiercecarson@aol.com]
Sent: 16 June 2014 21:51
To: Halit Semih Demircan; bbriggs@bkbassoc.com
Cc: Zafer Kara; Omer Albayrak; lmach@srk.com; bswanson@srk.com
Subject: Re: Santa Fe Gold

Hello Semih,

Please speaking with you today.

As we discussed, I am attaching a CA. Please sign and return if it is acceptable, otherwise please provide comments.

Upon receipt of the executed CA, we will be happy to send summary information on all projects and also will provide access to our electronic data room, which has information on all projects.

Confirming, the Ortiz gold project is not encumbered by Waterton debt facility agreement or by Sandstorm agreement, which agreements relate specifically to the Summit gold-silver project.

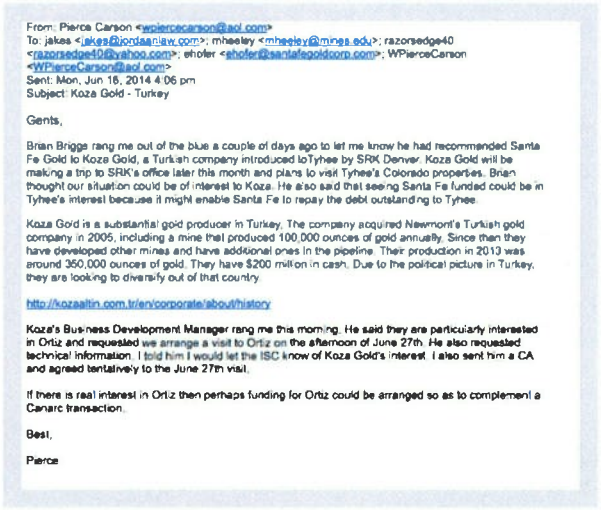
As you request, we will be happy to conduct a visit to the Ortiz project on June 27th. If you wish to visit Summit mine and mill, that also can be arranged.
Best regards,

Pierce

---Original Message---

Without advice of counsel or informing the ISC, Carson sent a Confidentiality Agreement to Briggs and his co-conspirator. Once more, this act violated the Strategic Discussion Resolution, the Tyhee Resolution and the written instructions of the ISC. Carson's focus was clearly not just on showing the Ortiz Project: "If you wish to visit ***Summit mine and mill***, that also can be arranged." Once again, Carson had no regard for the Exclusivity Agreement or the Tyhee Resolution. These acts violated the Strategic Discussion Resolution, the Tyhee Resolution and the written instructions of the ISC.

As Canarc and the ISC have expressed views that the Ortiz project has little value, the ISC believes that Carson and Briggs hatched a clever plan: They would hide Tyhee's role and disguise the TYHEE GOLDEN PROJECT as an interest by Koza -- only with respect to the Ortiz property. The reason for this subterfuge: The Company had in place the Canarc with a binding exclusivity provision. Carson and Tyhee still had to advance matters with Koza .



From: Pierce Carson <wpiercecarson@aol.com>
To: jakes <jakes@jordaanlaw.com>; mheeley <mheeley@mines.edu>; razorsedge40 <razorsedge40@yahoo.com>; eholer <eholer@santafegoldcorp.com>; WPierceCarson <WPierceCarson@aol.com>
Sent: Mon, Jun 16, 2014 4:06 pm
Subject: Koza Gold - Turkey

Gents,

Brian Briggs rang me out of the blue a couple of days ago to let me know he had recommended Santa Fe Gold to Koza Gold, a Turkish company introduced to Tyhee by SRK Denver. Koza Gold will be making a trip to SRK's office later this month and plans to visit Tyhee's Colorado properties. Brian thought our situation could be of interest to Koza. He also said that seeing Santa Fe funded could be in Tyhee's interest because it might enable Santa Fe to repay the debt outstanding to Tyhee.

Koza Gold is a substantial gold producer in Turkey. The company acquired Newmont's Turkish gold company in 2005, including a mine that produced 100,000 ounces of gold annually. Since then they have developed other mines and have additional ones in the pipeline. Their production in 2013 was around 350,000 ounces of gold. They have $200 million in cash. Due to the political picture in Turkey, they are looking to diversify out of that country.

http://kozaaltin.com.tr/en/corporate/about/history

Koza's Business Development Manager rang me this morning. He said they are particularly interested in Ortiz and requested we arrange a visit to Ortiz on the afternoon of June 27th. He also requested technical information. I told him I would let the ISC know of Koza Gold's interest. I also sent him a CA and agreed tentatively to the June 27th visit.

If there is real interest in Ortiz then perhaps funding for Ortiz could be arranged so as to complement a Canarc transaction.

Best,

Pierce

The picture painted in the email dated June 16, 2014 to the ISC was materially false and misleading. The ISC has learned that under cover of code-name, TYHEE GOLDEN PROJECT, Tyhee and its future partner Koza Gold hatched a scheme to get control of Santa Fe through a plan of arrangement. In fact, all of Santa Fe's Confidential Information that has been converted by Tyhee are residing at SRK, the entity, that according to Carson, facilitated the Koza interest. The ISC has relied on such misrepresentations. Carson's participation in a fraudulent scheme constitutes criminal dishonesty (both statutory and common law fraud).

Tyhee has converted Santa Fe's Confidential Information.[2] Conversion is both an intentional tort and a crime. Aiding and abetting Tyhee and conspiring with Tyhee in a scheme that utilizes the converted Santa Fe documents, Carson engaged in criminal dishonesty.

---

[2] The draft Verified Complaint styled SANTA FE GOLD CORPORATION V. TYHEE GOLD CORP., TYHEE MERGER SUB, INC., BRIAN BRIGGS, KOZA ALTIN ISLETMELERI A.S, SRK CONSULTING (US), INC., BRET SWANSON AND LEAH MACH is attached hereto and incorporated as if verbatim set forth herein.

Santa Fe has been damaged by the actions of Carson. His actions jeopardized the Canarc deal.

II.
WILLFUL VIOLATION OF DIRECT WRITTEN INSTRUCTIONS FROM THE BOARD OF DIRECTORS -- CORAL REEF & NORINCO

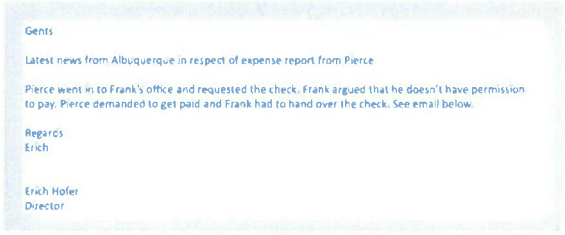
Carson had many communications with respect Frank Zhu concerning a strategic transaction with the Company. These communications violated the Strategic Discussions Resolution. More significantly, however, Carson torpedoed a developing transaction with Coral Reef by sending an unauthorized email to Coral Reef on May 14, 2014, to the following effect:

> I talked to Frank Zhu, consultant to Norinco based in Los Angeles. Frank says the best way to handle Coral Reef's potential contribution to an investment/agreement with Norinco is to raise that possibility with Norinco following their visit to Santa Fe's properties in late May/early June. Frank says the Norinco division with which he deals in southern Chinea typically runs its own show, with funding sourced partially from its own funds and partly from banks. Frank is somewhat concerned that Coral Reef's involvement at this early state could be counter-productive.
>
> Frank has had a relationship with Norinco for several years and has closed several transactions in various countries. He says new investment by Norinco would be accomplished though a US company that Norinco would set up. At the time of Norinco's visit he intends to line up a corporate attorney and advisor.

These actions violated the Strategic Discussions Resolution and the written instructions of the ISC.

III.
UNLAWFUL PAYMENT

With limited funds, the Company, in pain-taking detail formulated a survival budget (the "Survival Budget"). Carson made no request to have expenses incurred primarily in connection with the Tyhee transaction included in the Survival Budget. On or about May 20, 2014, Carson submitted expense reports totaling $15,220.86 for purported expenses dating back to October and November 2013. This amount equated to almost 10% of the Company's available cash. While Erich Hofer was still reviewing the validity of the expense report and the ISC members considering the material impact of the Survival Budget, Carson, without valid authority, demanded payment over objection from the Company's CFO.



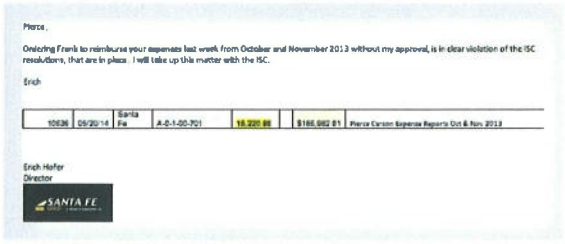
Gents

Latest news from Albuquerque in respect of expense report from Pierce

Pierce went in to Frank's office and requested the check. Frank argued that he doesn't have permission to pay. Pierce demanded to get paid and Frank had to hand over the check. See email below.

Regards
Erich

Erich Hofer
Director



Pierce,

Ordering Frank to reimburse your expenses last week from October and November 2013 without my approval, is in clear violation of the ISC resolutions, that are in place. I will take up this matter with the ISC.

Erich

10636	05/20/14	Santa Fe	A-0-1-00-701	15,220.86	$166,982.81	Pierce Carson Expense Reports Oct & Nov 2013

Erich Hofer
Director
SANTA FE

On May 26, 2014, Director Hofer informed

Carson that is action violated ISC resolutions. In addition, as Carson had no authority to pay such a significant amount to himself that was not set forth in the detailed Survival Budget, coercing payment of funds he was not authorized to receive, constitute criminal dishonesty.

Because of the multitude of willful violations of direct written instructions from the board of directors and criminal dishonesty detailed herein that are incapable of being cured, the board of directors deems termination of Carson's employment "For cause" to be in the best interest of the Company and its stockholders.

Yours very truly,

SANTA FE GOLD CORPORATION BOARD OF DIRECTORS
SANTA FE GOLD CORPORATION

By: _____
FRANK MUELLER
CORPORATE SECRETARY
BY ORDER OF THE BOARD OF DIRECTORS

EXHIBIT “9”

GAMMAGE & BURNHAM, P.L.C.
ATTORNEYS AT LAW
TWO NORTH CENTRAL AVENUE
15TH FLOOR
PHOENIX, ARIZONA 85004

TELEPHONE (602) 256-0566
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July 9, 2014

Richard K. Mahrle
(602) 256-4433
rmahrle@gblaw.com

Jakes Jordaan
Frank Mueller
Santa Fe Gold Corporation
6100 Uptown Blvd. NE, Suite 600
Albuquerque, New Mexico 87110

VIA E-MAIL (JAKES@JORDAANLAW.COM; JJORDAAN@SANTAFEGOLDCORP.COM; FMUELLER@SANTAFEGOLDCORP.COM) AND CERTIFIED MAIL DELIVERY

Re: W. Pierce Carson

Dear Sirs:

This firm represents W. Pierce Carson in connection with numerous issues arising out of his written contracts with Santa Fe Gold that Santa Fe Gold has breached. It is readily apparent here that Santa Fe Gold (the "Company") has made false accusations against Mr. Carson in order to assert that it could terminate Mr. Carson "for cause," thereby avoiding the substantial financial obligations that the Company would have to Mr. Carson should it choose to merely not extend his contract as was done through the June 16, 2014 letter.

As you know, by way of a letter dated June 16, 2014, the Company notified Mr. Carson that his employment agreement dated October 7, 2003, would not be renewed for another year. That is the Company's right. As outlined in the Employment Agreement, Mr. Carson would stay on as President and CEO through October 15, 2014. He is entitled to receive the following under the terms of his employment agreement:

1. His deferred base salary from March 2014 through October 15, 2014.

2. Accrued but unused vacation of approximately $63,807.

3. Accrued, but unpaid expenses through June 30, 2014 of $24,331.51, plus any other expenses he might incur, if Mr. Carson would have continued to work through October 15, 2014.

4. A lump sum payment of two times Mr. Carson's base salary, which equals $548,550.

5. Two years of health care benefits for Mr. Carson and his wife.

In addition, if the Canarc deal closes by October 15, 2014, as the deal is currently structured pursuant to the MOU, a change of control will occur as defined under Mr. Carson's Change of Control Agreement. Under the Change of Control Agreement, Mr. Carson would be entitled to receive approximately $696,194 in a lump sum payment.

Under the May 19, 2009 Production Royalty Agreement, Mr. Carson is entitled to accrued, but unpaid, royalties of approximately $160,000 plus interest.

We must assume that at some point after Mr. Carson received the June 16 non-renewal notice, someone at the Company realized the significant financial commitment due to Mr. Carson and set out to concoct allegations to convert his non-renewal to an immediate termination "for cause" in order to avoid the commitments the Company made to Mr. Carson long ago; commitments Mr. Carson relied upon as he fought hard for the Company through thick and thin.

Mr. Carson flatly denies that any of the allegations made in the Company's letter of June 27, 2014, have any merit. The company does not have any grounds for terminating Mr. Carson immediately, for cause. We will address the Company's illegitimate allegations in more detail in a moment, but first, let's assume that the Company did have cause to terminate Mr. Carson. The Company has failed to address how it intends to pay Mr. Carson for all amounts he is owed through his date of termination. There would still be due the following amounts:

1. Unreimbursed expenses - $24,331.51.

2. Deferred salary of $91,425 plus unused vacation.

3. The approximately $160,000, plus interest, for royalties due on Summit production.

As to the first two amounts, under Arizona law made applicable in the employment agreement, the failure of the Company to pay the amounts due within seven days of Mr. Carson's termination entitles him to treble damages and attorneys' fees under A.R.S. § 23-353 and § 23-355.

To state it exactly, even if the Company had any basis for terminating Mr. Carson for cause, he is owed substantial sums that must be paid immediately.

However, the Company does not have a basis to terminate Mr. Carson "for cause" as that term is defined in the Employment Agreement. We refute your allegations below:

I. Alleged violation related to the "Tyhee Golden Project"

Mr. Carson does not dispute that he was aware of the Independent Special Committee (ISC) March 17, 2014 directive that communications with Tyhee be conducted through Jakes Jordaan. Nor does Mr. Carson dispute that on March 18, 2014, the ISC resolution was expanded to include Coral Reef, Vincere, Waterton, IGS, Sandstrom and other strategic investors.

At the same time these resolutions were being passed, the Company was accepting an additional $229,000 on its bridge loan with Tyhee and then on March 17, 2014, the ISC terminated the merger agreement that had been entered into with Tyhee earlier in the year.

Mr. Carson took great care to follow the ISC directive. For example, following the termination of the Tyhee merger, Mr. Carson received phone calls from Hans Black that he purposefully did not answer. On March 24, Mr. Black sent an email from Europe inquiring as to Mr. Carson's availability for a phone call. Mr. Carson replied, "Sorry but I've been instructed pursuant to resolution by Santa Fe's Independent Special Committee that all communications with Tyhee needs to go through Jakes Jordaan. Jakes' number is 214 202 7449."

Contrary to the assertions in your letter, Mr. Carson was not opposed to the Canarc MOU that was approved on June 16, 2014.

In your letter, you accuse Mr. Carson of coordinating a conference call with Brian Biggs of Tyhee and Koza Gold as part of some kind of conspiracy related to derailing the Canarc deal. This is ludicrous. Mr. Briggs called Mr. Carson out of the blue on June 13 and mentioned that Koza Gold might be interested in an investment in the Company. This was the first time Mr. Carson had spoken to Mr. Briggs since late March 2014. Mr. Carson called Mr. Jordaan about this contact. On June 16, Mr. Carson spoke to a representative of Koza Gold and sent Koza Gold a Confidentiality Agreement which Koza signed and returned. In order to protect the Company, it was standard practice to require sources of potential financing to sign the Company's confidentiality

agreement. The confidentiality agreement contains language that in fact prohibits such sources from using confidential information for illegitimate purposes.

Based on what Mr. Carson was told, Canarc was not opposed to bringing in other investors and Mr. Jordaan agreed that Koza Gold could be a good fit for the Company's Ortiz project or Canarc's Polaris gold project.

On June 16, Mr. Carson sent an email to the entire board to make them aware of the situation:

> "Gents,
> Brian Briggs rang me out of the blue a couple of days ago to let me know he had recommended Santa Fe Gold to Koza Gold, a Turkish company introduced to Tyhee by SRK Denver. Koza Gold will be making a trip to SRK's office later this month and plans to visit Tyhee's Colorado properties. Brian thought our situation could be of interest to Koza. He also said that seeing Santa Fe funded could be in Tyhee's interest because it might enable Santa Fe to repay the debt outstanding to Tyhee.
>
> "Koza Gold is a substantial gold producer in Turkey. The company acquired Newmont's Turkish gold company in 2005, including a mine that produced 100,000 ounces of gold annually. Since then they have developed other mines and have additional ones in the pipeline. Their production in 2013 was around 350,000 ounces of gold. They have $200 million in cash. Due to the political picture in Turkey, they are looking to diversify out of that country.
>
> http://kozaaltin.com/tr/en/corprate/about/history
>
> "Koza's Business Development Manager rang me this morning. He said they are particularly interested in Ortiz and requested we arrange a visit to Ortiz on the afternoon of June 27th. He also requested technical information. I told him I would let the ISC know of Koza Gold's interest. I also sent him a CA and agreed tentatively to the June 27th visit.
>
> "If there is real interest in Ortiz then perhaps funding for Ortiz could be arranged so as to complement a Canarc transaction."

Mr. Jordaan agreed that it could be worthwhile to follow up with Koza Gold and asked Mr. Carson to arrange a phone call with Koza (the Koza people were traveling and the phone call did not occur nor did the planned trip to Ortiz).

Clandestine conspiracies are seldom done with signed CAs and this extent of open communications.

Contrary to the assertions in your June 27 letter, the exclusivity provisions of the Canarc agreement were not being violated. Instead, Mr. Jordaan and Mr. Carson were proceeding as they had been instructed by Canarc in a phone call on June 17.

Your letter accuses Mr. Carson of assisting Tyhee to convert the Company's confidential information. This assertion is based solely on the Company's becoming aware that SRK obtained confidential information. Mr. Carson's knowledge of this situation was fully explained by Mr. Carson in an e-mail to the ISC on June 25:

> "I have reviewed the list of documents attached to SRK's letter and talked to John White about it. The document files appear to have been sourced from certain files available in Santa Fe's electronic data room at the time of engagement with Tyhee, Sept. 2013 – March 2014. Since March 2014 we have made certain changes and updates to the data room that are not reflected in the SRK list, which leads me to conclude that the information was derived from the older information in the data room, however a few of the files appear to have been downloaded into renamed files. On the basis of the list attached to SRK's letter, I believe that all, or certainly the great majority of the files listed came from the electronic data room.
>
> "As to how the files came into SRK's possession I can only speculate that they were provided by Tyhee. We at Santa Fe have had no direct contact with SRK and have no specific knowledge of information provided to SRK. I know that Brian Briggs has a prior relationship with SRK, and in fact SRK along with other recognized groups completed the 2012 feasibility study on Tyhee's Yellowknife NWT gold project. Brian thinks highly of SRK and one of the people on Tyhee's team is an ex-SRK young engineer who does economic modeling.

> "The only Tyhee-SRK connection relating to Santa Fe's project of which I am aware relates to the Ortiz project. Brian believed that Ortiz results were sufficiently encouraging to warrant next-stage feasibility work. He asked SRK to present a proposal to conduct feasibility work on Ortiz. Brian mentioned several times that he had requested the proposal from SRK and also referred to it in a meeting with Ortiz Mines Inc. We never saw the proposal and don't know whether if in fact SRK completed it.
>
> "IT is in the process of compiling the list of e-mail correspondence you have requested.
>
> "Please let me know if the above satisfactorily answers ISC's questions or if you need anything else."

II. Alleged violation related to Coral Reef and Norinco

In no way did Mr. Carson do anything to torpedo a possible transaction with Coral Reef as you assert in the June 27 letter.

Following termination of the Tyhee transaction, with Mr. Jordaan's knowledge and concurrence, Mr. Carson contacted Norinco. The ISC was fully informed of this contact. Mr. Carson always made it clear to Norinco and others that only Mr. Jordaan and ISC were responsible for any deal term discussions or negotiations.

Mr. Carson admits sending the May 14 e-mail quoted in the June 27 letter. What the Company fails to acknowledge is that Mr. Jordaan was copied on the e-mail and that sending the e-mail was necessary in order to avoid breaching confidentiality with Norinco.

The Company also ignores the fact that after Norinco visited the Company's properties, Norinco made a financing proposal.

III. Payment of past due expense reimbursement

We can only assume that the Company is unaware of the actions taken that resulted in the partial payment of expenses incurred by Mr. Carson in 2013.

As you know, starting in March 2014, Mr. Carson deferred 100% of his salary. While deferring his salary, Mr. Carson continued to incur ongoing expenses including health insurance

premiums, travel expenses, and costs incurred in hosting potential investor groups. The Company had not reimbursed any of Mr. Carson's expenses from expense reports since September 2013, even though he timely submitted monthly expense reports. As of the end of April, the Company owed Mr. Carson about $34,400 for reimbursable expenses that he had paid out-of-pocket.

On May 15, 2014, Mr. Carson called Mr. Jordaan and asked if he thought it would be appropriate for Mr. Carson to be reimbursed for a portion of his outstanding expenses. Mr. Jordaan agreed that it would be appropriate, but suggested that Mr. Carson run it by Erich Hofer first.

On May 16, 2014, at Mr. Carson's request, the Company Interim CFO, Frank Mueller, sent an e-mail to Mr. Hofer requesting payment for Mr. Carson's October and November 2013 expenses totaling $15,220. When no reply was forthcoming on May 19, Mr. Carson wrote the following e-mail to Mr. Hofer:

> "Hi Erich,
>
> "I believe Frank sent you an e-mail last Friday about reimbursement of $15,220 for my October and November 2013 expenses. Since he hasn't received a response I thought I would follow-up with this e-mail.
>
> "As background, the company has not reimbursed my expenses for expense reports for the last seven months, from October 2013 through April 2014. This was done at my direction. The total in arrears amounts to approximately $34,400.
>
> "Expenses are separate from salary which as you know I have been voluntarily deferring on a 100% basis for March, April and May 2014.
>
> "I continue to cover expenses on an on-going basis for example in hosting investor trips to the mine and mill over the last couple of months, by covering the majority of my and my wife's health insurance etc. I expect to continue to host new potential investors for example Norinco in about two weeks.
>
> "I require that October and November expenses to be reimbursed at this time. Please let me know if you have questions or comments. Otherwise I will proceed to ask Frank to prepare a check.

"Fyi, our budget projections through July are within the targets submitted in the last survival budget.

"Best regards,

"Pierce"

When neither Mr. Mueller nor Mr. Carson received a reply from Hofer by the close of business on May 20, Mr. Mueller prepared a check.

Contrary to the assertions found in the June 27 letter, the October and November 2013 expense reports were not submitted "on or about May 20, 2014" but rather in 2013 shortly after the expenses were incurred. Mr. Carson did not "without valid authority, demand payment over the objection of the Company's CFO." Rather the CFO appeared to believe that the payment was proper and lodged no objection whatsoever. You also allege that, "On May 26, 2014, Director Hofer informed Carson that his action violated ISC regulations." Mr. Carson received no such statement from Mr. Hofer, nor did the CFO, and in fact Mr. Carson has never received a reply to his e-mail of May 19.

We would also note that the termination for cause provision of the employment agreement requires the Company to give Mr. Carson 10 days notice to cure an alleged problem. Had anyone given Mr. Carson notice of this alleged violation, it could have been promptly remedied.

Conclusion

There is no question that the Company is in breach of its commitments to Mr. Carson. Unless significant progress has been made in resolving these outstanding issues within ten (10) days of this letter, Mr. Carson will have no choice but to initiate arbitration proceedings in Arizona, as required by the employment agreement.

Please be aware that Mr. Carson fully understands the precarious financial condition of Santa Fe Gold. Furthermore, Mr. Carson does not want to take any action that could disrupt the Canarc transaction, or any other restructuring of the Company. On the other hand, do not expect Mr. Carson to simply forego his rights under the Employment Agreement, the Change of Control Agreement, or the Property Identification Agreement.

Mr. Carson is willing to work with the Company to structure payments due to him, but only in exchange for the Company making firm contractual commitments to him concerning what he is rightfully owed.

We must hear from you promptly, or the arbitration will be submitted by the end of the month.

Sincerely,

GAMMAGE & BURNHAM, P.L.C.

Richard K. Mahrle

By
Richard K. Mahrle

RKM/dmm
cc: W. Pierce Carson

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