

## UNITED STATES BANKRUPTCY COURT, DISTRICT OF DELAWARE

## PROOF OF CLAIM

Indicate Debtor against which you assert a claim by checking the appropriate box below (**Check only one Debtor per claim form**):

- ☒ Santa Fe Gold Corporation (Case No. 15-11761)  
☐ Azco Mica, Inc. (Case No. 15-11762)

- ☐ The Lordsburg Mining Company (Case No. 15-11763)  
☐ Santa Fe Gold (Barbados) Corporation (Case No. 15-11764)

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

## COURT USE ONLY

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

INTERNATIONAL GOLDFIELDS LIMITED

Name and address where notices should be sent:

INTERNATIONAL GOLDFIELDS LIMITED  
DAVID RAYMOND TASKER

PO Box 684

WEST PERTH

WESTERN AUSTRALIA 6872

Telephone number: +61894885229 email: DAVID.TASKER@PPR.com.au

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

In re: SANTA FE GOLD CORP  
 Case No: 15-11761  
 CLAIM 610020

Telephone number: email:

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

Court Claim Number: \_\_\_\_\_  
 (If known)

Filed on: \_\_\_\_\_

☐ 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: \$ 4,401,425 USD

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:

(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):

(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.

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

Value of Property: \$ \_\_\_\_\_

Annual Interest Rate \_\_\_\_\_ % ☐ Fixed or ☐ Variable  
 (when case was filed)

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

\$ \_\_\_\_\_

Basis for perfection: \_\_\_\_\_

Amount of Secured Claim: \$ \_\_\_\_\_

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 4/1/16 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

**6. Claim Pursuant to 11 U.S.C. § 503(b)(9):** Indicate the amount of your claim arising from the value of any goods received by the Debtor within 20 days before the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of such Debtor's business. Attach documentation supporting such claim.

\$

(See instruction #6)

**7. Credits.** The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #7)

**8. 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, or security agreements. 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. (See instruction #8, 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:

**9. Signature:** (See instruction #9)

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. ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)  
(See Bankruptcy Rule 3004.)

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: JANE ROSEMARY FLEGG  
Title: COMPANY SECRETARY  
Company: INTERNATIONAL GODFATHERS LIMITED  
Address and telephone number (if different from notice address above): \_\_\_\_\_ (Signature) [Signature] (Date) 3/12/15  
Telephone number: 6189488520 email: jane@okaventures.com

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, District of Delaware), 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, below.) 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. Claim Pursuant to 11 U.S.C. § 503(b)(9):**

Check this box if you have a claim arising from the value of any goods received by the Debtor within 20 days before the date of commencement of the above case, in which the goods have been sold to the Debtor in the ordinary course of the Debtor's business. Attach documentation supporting such claim. (See Definitions, below.)

**7. 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.

**8. 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. 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.

**9. 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, please enclose a stamped self-addressed envelope and a copy of this proof of claim. You may view a list of filed claims in this case by visiting the Claims and Noticing Agent's website at <https://www.americanlegal.com/santafegold>.

**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. §§ 101-1532), and any applicable orders of the bankruptcy court.

PLEASE SEND COMPLETED PROOF(S) OF CLAIM TO:

**Via First Class Mail to:**  
**Santa Fe Claims Processing**  
**c/o American Legal Claim Services**  
**PO Box 23650**  
**Jacksonville, FL 32241-3650**

**Via Overnight Mail or Hand-Delivery to:**  
**Santa Fe Claims Processing**  
**c/o American Legal Claim Services**  
**5985 Richard Street, Suite 3**  
**Jacksonville, Florida 32216**

SANTA FE GOLD CORPORATION, ET AL  
c/o American Legal Claim Services, LLC  
PO Box 23650  
Jacksonville, FL 32241-3650



6449-FC-000009

INTERNATIONAL GOLDFIELDS LTD  
DAVID RAYMOND TASKER  
1 HAVELOCK ST GROUND FL  
WEST PERTH, 6005  
Australia

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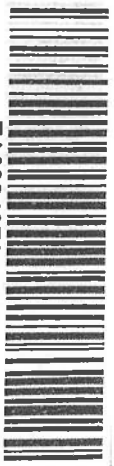
# Letters and Documents only

**IMPORTANT:** You are making four copies. Use a ballpoint pen & press firmly. The destination city and country (and the postcode and telephone/fax numbers if possible) must be in legible English. Some countries may accept other address information in the destination language however check online for further information. See Privacy Notice on the back of sender's copy. Lodge item at postal outlet counter or GOLD street post boxes. Enquiries 1800 007 678 Tracking [auspost.com.au/track](http://auspost.com.au/track)

08/2013 MedCNL&D HOLD OR PRESS

INTERNATIONAL COURIER

EA022497984AU



<b>FROM</b>		<b>TO</b>	
Name	International Goldfields Limited	Name	Santa Fe Claims Processor
Company Name		Company Name	CI - American Legal Claims
Address	PO Box 684 West Perth	Address	PO Box 23650
City	Perth	City	Jacksonville
State	WA	State	FL
Postcode	6004	Postcode	32241-365
Telephone/Fax Number	448852220	Telephone/Fax Number	
<b>Sender's Declaration</b>		<b>Limitations of Liability</b>	
<p>The sender acknowledges that this article may be carried by air and will be subject to aviation security and clearing procedures; and the sender declares that:</p> <ul style="list-style-type: none"><li>the article does not contain any dangerous or prohibited goods, explosive or incendiary devices;</li><li>the information provided is true and correct;</li><li>he/she accepts liability for any duties, taxes, brokerage or any other charges which may be imposed at the destination (full details on the reverse of the sender's copy); and</li><li>he/she has read and agrees to the terms and conditions of carriage on the reverse of the sender's copy.</li></ul> <p>Signature: <i>[Signature]</i> Date: 4/12/15</p> <p>Articles without this declaration completed will not be forwarded.</p>		<p>Australia Post is not a common carrier and accepts no liability as such. See terms and conditions on the reverse of the sender's copy.</p>	
<input checked="" type="checkbox"/> Lodgement (A) Scan Completed			

## Successful international deliveries are as simple as 1

### 1 Choose

Ensure you've selected the correct product for your item.

- Select the right service
- Select the appropriate package
- Select the correct weight

### 2 Consignment

Fill in all of the required information.

- Sender details
- Receiver details
- Customs Declaration

### 3 Counter

Complete your transaction.

- Confirm product selection
- Pay the postage
- Sign the sender declaration



26 August 2014

Stark Schenkein, LLP  
Attn: Patrick Ballweg  
3600 S. Yosemite Street, Suite 600  
Denver, CO 80237

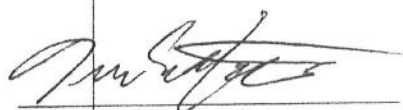
Dear Mr Schenkein

In response to Santa Fe Gold Corporation's letter received via e-mail 20 August 2014 with a request to confirm information regarding the loan notes payable to International Goldfields Ltd, we would like to provide the following information regarding those notes as of 30 June 2014 according to our records.

1.	Initial or modified date of note(s)		24 October 2012	31 October 2012
2.	Original or modified Amount of note(s)		US \$2,000,000	US \$2,000,000
3.	Unpaid principal balance		US \$2,000,000	US \$2,000,000
4.	Annual interest rate		6%	6%
5.	Amount of accrued interest at 30 June 2014		US \$201,863	US \$199,562
6.	Due date of note(s)		24 October 2015	31 October 2015

Regarding the differences from the attached letter from Santa Fe Gold Corp, we refer to the attached original notes which demonstrate that the loans are issued in lawful money of the United States of America and provide the correct Initial dates and Maturity dates for the two notes.

Signed for and on behalf of International Goldfields Ltd,



Travis Schwertfeger  
Managing Director

REGISTERED OFFICE AND PRINCIPLE PLACE OF BUSINESS  
Ground Floor, 1 Havelock Street / WEST PERTH WA 6005

COMMUNICATION DETAILS

PO Box 684 / WEST PERTH WA 6872

T: +61 8 9488 5220 | F: +61 8 9324 2400 | W: www.intgold.com.au | E: info@intgold.com.au



SANTA FE GOLD CORPORATION  
SECURED CONVERTIBLE NOTE

\$2,000,000.00

OCTOBER 24, 2012

For Value Received, the undersigned, Santa Fe Gold Corporation, a Delaware corporation ("BORROWER"), under the terms of this Secured Convertible Note ("NOTE") hereby unconditionally promises to pay to the order of International Goldfields Limited, an Australian company ("CREDITOR"), by wire transfer to such account as Creditor shall provide notice of to Borrower or by check, in lawful money of the United States of America and in immediately available funds, the principal amount borrowed and outstanding hereunder at any time not to exceed \$2,000,000.00 (the "COMMITMENT") and such interest as will have accrued and been outstanding, both payable in the manner set forth below. Borrower may repay any amounts borrowed hereunder without penalty or premium from the date hereof through October 24, 2015 (the "MATURITY DATE").

This Secured Convertible Note relates to that certain Binding Heads Of Agreement Dated October 8, 2012 between Borrower and Creditor (the "HOA").

1. Repayment Terms/Conversion. Interest on each advance shall be due and payable quarterly in arrears on the last day of each calendar quarter. All outstanding principal and accrued interest shall be fully due and payable on the Maturity Date, subject to the right of the Creditor to accelerate after the occurrence and continuance of an Event of Default as defined in Section 4 of this Note. In addition, upon the closing of the Merger (as defined in the HOA), all outstanding principal and accrued interest shall be forgiven. Principal and accrued interest shall be paid by wire transfer or by check. At Creditor's option, if Borrower fails to pay all outstanding principal and interest on the Maturity Date, or upon acceleration, Creditor may choose to have all or any part of the outstanding principal and accrued interest repaid in shares of Common Stock of the Borrower at a conversion rate equal to, the VWAP. "VWAP" shall mean the daily volume weighted average sales price (based on a trading day from 9:30 a.m. to 4:00 p.m. eastern time) of the Borrower on the Exchange (as defined below) as reported by Bloomberg Financial LP using the AQR function. The term "EXCHANGE" shall refer to the OTC Bulletin Board, according to which stock exchange the Issuer maintains its primary listing. In the event that Creditor chooses to convert outstanding principal and accrued interest into Common Stock of the Borrower, Creditor shall give written notice to the Borrower of such anticipated conversion no less than fifteen (15) business days prior to the date of conversion.
2. Interest. Simple interest shall accrue on the outstanding principal amount hereof from the date funds are advanced until payment in full is received by Creditor, which interest shall be equal to 6.0% per annum.
3. Secured Note. The full amount of this Note is secured by the collateral identified and described as security therefor in the Security Agreement.

4. Default.

4.1 Events of Default. The following events are "Events of Default" hereunder:

- a. Default shall be made by the Borrower in the payment of principal of or any interest on the Note after ten (10) days' written notice from the Creditor following the date when the same is due and payable; or
- b. Default shall be made in the due performance or observance of any other material covenant, agreement or provision herein, or in the Security Agreement, to be performed or observed by the Borrower, and such default or breach shall have continued for a period of thirty (30) days after written notice thereof to the Borrower from the Creditor; or
- c. The Borrower shall be involved in financial difficulties as evidenced:
  - (i) by the Borrower filing a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the United States Bankruptcy Code (as now or in the future amended, the "Bankruptcy Code") or an admission seeking the relief therein provided;
  - (ii) by the Borrower making a general assignment for the benefit of its creditors;
  - (iii) by the Borrower consenting to the appointment of a receiver or trustee for all or a substantial part of the property of the Borrower or approving as filed in good faith a petition filed against the Borrower under said Bankruptcy Code (in both cases without the consent of the Borrower);
  - (iv) the commencement of a proceeding or case, without the application or consent of the Borrower, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or any substantial part of its assets, or (iii) similar relief in respect of the Borrower under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case set forth in (i), (ii), or (iii) above continues undismissed or uncontroverted, or an order, judgement or decree approving or ordering any of the foregoing being entered and continuing unstayed and in effect, for a period of sixty (60) days; or
  - (v) by the Borrower admitting in writing its inability to pay its debts as such debts become due; or



- (vi) Borrower shall be terminated, dissolved or liquidated (as a matter of law or otherwise) or proceedings shall be commenced by the Borrower or by any person seeking the termination, dissolution or liquidation of the Borrower.

4.2 Acceleration. If any one or more Events of Default described in Section 4.1 shall occur and be continuing, then the applicable Creditor may, at such Creditor's option and by written notice to the Borrower, declare the unpaid balance of the Note owing to Creditor to be forthwith due and payable and thereupon such balance shall become so due and payable without presentation, protest or further demand or notice of intent to accelerate or other notice of any kind, all of which are hereby expressly waived by the Borrower.

5. Waiver. Except as provided for herein, Borrower waives presentment, notice of dishonor, protest or notice of protest and nonpayment, notice of costs, expenses or losses and interest thereon and diligence in taking any action to collect any sums owing under this Note or in any proceeding against any of the rights or interests in or to the properties or assets securing payment of this Note.
6. Governing Law. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.
7. Successors. The provisions of this Note shall inure to the benefit of and be binding on any successor or Creditor. This Note cannot be assigned by any party hereto.

In Witness Whereof, the undersigned has caused this Note to be executed and delivered by its duly authorized officer on the date first set forth above.

**SANTA FE GOLD CORPORATION**

By: W. Pierce Carson  
Name: W. Pierce Carson  
Title: President & CEO

SANTA FE GOLD CORPORATION  
SECURED CONVERTIBLE NOTE

\$2,000,000.00

OCTOBER 31, 2012

For Value Received, the undersigned, Santa Fe Gold Corporation, a Delaware corporation ("BORROWER"), under the terms of this Secured Convertible Note ("NOTE") hereby unconditionally promises to pay to the order of International Goldfields Limited, an Australian company ("CREDITOR"), by wire transfer to such account as Creditor shall provide notice of to Borrower or by check, in lawful money of the United States of America and in immediately available funds, the principal amount borrowed and outstanding hereunder at any time not to exceed \$2,000,000.00 (the "COMMITMENT") and such interest as will have accrued and been outstanding, both payable in the manner set forth below. Borrower may repay any amounts borrowed hereunder without penalty or premium from the date hereof through October 31, 2015 (the "MATURITY DATE").

This Secured Convertible Note relates to that certain Binding Heads Of Agreement Dated October 8, 2012 between Borrower and Creditor (the "HOA").

1. Repayment Terms/Conversion. Interest on each advance shall be due and payable quarterly in arrears on the last day of each calendar quarter. All outstanding principal and accrued interest shall be fully due and payable on the Maturity Date, subject to the right of the Creditor to accelerate after the occurrence and continuance of an Event of Default as defined in Section 4 of this Note. In addition, upon the closing of the Merger (as defined in the HOA), all outstanding principal and accrued interest shall be forgiven. Principal and accrued interest shall be paid by wire transfer or by check. At Creditor's option, if Borrower fails to pay all outstanding principal and interest on the Maturity Date, or upon acceleration, Creditor may choose to have all or any part of the outstanding principal and accrued interest repaid in shares of Common Stock of the Borrower at a conversion rate equal to, the VWAP. "VWAP" shall mean the daily volume weighted average sales price (based on a trading day from 9:30 a.m. to 4:00 p.m. eastern time) of the Borrower on the Exchange (as defined below) as reported by Bloomberg Financial LP using the AQR function. The term "EXCHANGE" shall refer to the OTC Bulletin Board, according to which stock exchange the Issuer maintains its primary listing. In the event that Creditor chooses to convert outstanding principal and accrued interest into Common Stock of the Borrower, Creditor shall give written notice to the Borrower of such anticipated conversion no less than fifteen (15) business days prior to the date of conversion.
2. Interest. Simple interest shall accrue on the outstanding principal amount hereof from the date funds are advanced until payment in full is received by Creditor, which interest shall be equal to 6.0% per annum.
3. Secured Note. The full amount of this Note is secured by the collateral identified and described as security therefor in the Security Agreement.

4. Default.

4.1 Events of Default. The following events are "Events of Default" hereunder:

- a. Default shall be made by the Borrower in the payment of principal of or any interest on the Note after ten (10) days' written notice from the Creditor following the date when the same is due and payable; or
- b. Default shall be made in the due performance or observance of any other material covenant, agreement or provision herein, or in the Security Agreement, to be performed or observed by the Borrower, and such default or breach shall have continued for a period of thirty (30) days after written notice thereof to the Borrower from the Creditor; or
- c. The Borrower shall be involved in financial difficulties as evidenced:
  - (i) by the Borrower filing a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the United States Bankruptcy Code (as now or in the future amended, the "Bankruptcy Code") or an admission seeking the relief therein provided;
  - (ii) by the Borrower making a general assignment for the benefit of its creditors;
  - (iii) by the Borrower consenting to the appointment of a receiver or trustee for all or a substantial part of the property of the Borrower or approving as filed in good faith a petition filed against the Borrower under said Bankruptcy Code (in both cases without the consent of the Borrower);
  - (iv) the commencement of a proceeding or case, without the application or consent of the Borrower, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or any substantial part of its assets, or (iii) similar relief in respect of the Borrower under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case set forth in (i), (ii), or (iii) above continues undismissed or uncontroverted, or an order, judgement or decree approving or ordering any of the foregoing being entered and continuing unstayed and in effect, for a period of sixty (60) days; or
  - (v) by the Borrower admitting in writing its inability to pay its debts as such debts become due; or

- (vi) Borrower shall be terminated, dissolved or liquidated (as a matter of law or otherwise) or proceedings shall be commenced by the Borrower or by any person seeking the termination, dissolution or liquidation of the Borrower.

4.2 Acceleration. If any one or more Events of Default described in Section 4.1 shall occur and be continuing, then the applicable Creditor may, at such Creditor's option and by written notice to the Borrower, declare the unpaid balance of the Note owing to Creditor to be forthwith due and payable and thereupon such balance shall become so due and payable without presentation, protest or further demand or notice of intent to accelerate or other notice of any kind, all of which are hereby expressly waived by the Borrower.

5. Waiver. Except as provided for herein, Borrower waives presentment, notice of dishonor, protest or notice of protest and nonpayment, notice of costs, expenses or losses and interest thereon and diligence in taking any action to collect any sums owing under this Note or in any proceeding against any of the rights or interests in or to the properties or assets securing payment of this Note.
6. Governing Law. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.
7. Successors. The provisions of this Note shall inure to the benefit of and be binding on any successor or Creditor. This Note cannot be assigned by any party hereto.

In Witness Whereof, the undersigned has caused this Note to be executed and delivered by its duly authorized officer on the date first set forth above.

**SANTA FE GOLD CORPORATION**

By: W. Pierce Carson  
Name: W. Pierce Carson  
Title: President & CEO