

28 May 2018

Company Announcements Office
 ASX Limited

DRILLING COMMENCED AT CHALLA NORTH – PAYNSEVILLE GOLD TREND

Santa Fe Minerals Ltd (ASX: **SFM**) (SFM, the **Company**) is pleased to advise that drilling has commenced at its Challa North Gold project area. SFM intends to drill 34 holes for a total of 1,500m using a slimline reverse circulation drill rig.

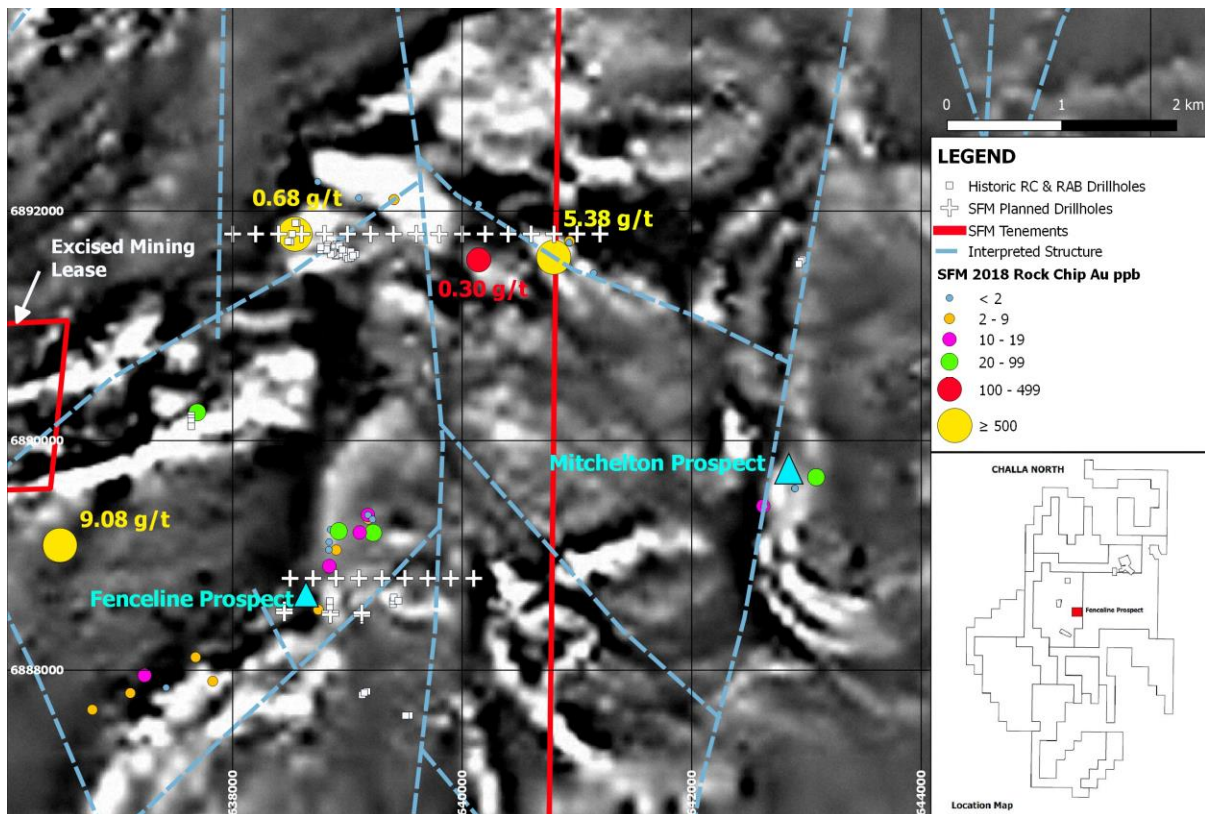


Figure 1- Challa North project area with planned drill holes

There are 6 holes planned for the Fenceline prospect where previous drilling by Apex Minerals NL appears to have occurred north of the 1km+ long quartz vein. During a recent mapping program, SFM concluded that the main Fenceline vein dips 76 degrees towards 171 degrees. SFM will be drilling from the southern side of the vein and intends to drill down to a maximum depth of 86m (down hole).

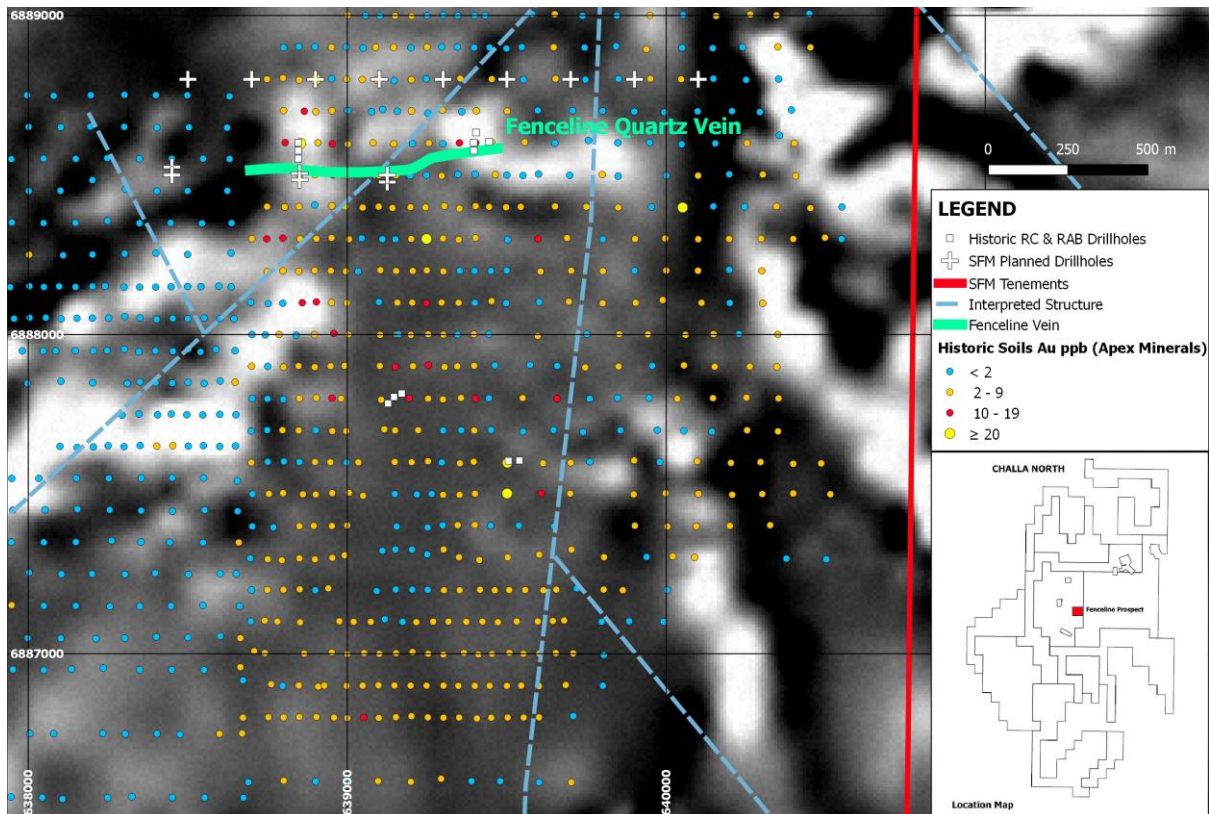


Figure 2 - Drilling at Fenceline (6 holes) and first regional line immediately to the north (9 holes)

An extensive soil anomaly (Figure 2) extends to the south of the main east-west striking Fenceline vein and numerous gold occurrences have been recorded including a 9oz gold nugget (refer to ASX Announcement dated 14 August 2017).

Recently acquired multi-client high resolution Aeromagnetic imagery (Figures 1 and 2) shows large north-south and north-west – south-east striking structures. SFM believes that locations along these deep structures could potentially be the feeder system to the gold hosted quartz veins. The Company will initially test these larger structures during this campaign by drilling 2 lines on 100-200m spacings (Figure 1), with the aim of taking sufficient fresh bedrock sample in each hole. Given the harder mafic country rock and quartz veining, the utilisation of a small reverse circulation rig is expected to be more suitable than a standard Rotary Air Blast (RAB) rig to achieve target depths.

Following the completion of drilling at Challa North, SFM will resume mapping and sampling at the Watson's Well Vanadium prospect. Watson's Well is a 5km long coincident Vanadium anomaly with rock chip grades up to 1.64% Vanadium Pentoxide (V₂O₅) at surface (refer to ASX Announcement dated 15 May 2018). Results of the upcoming mapping program will be analysed to determine the next phase, being either ground based geophysics or drilling.

Quotes are currently being sought for a ground based Electromagnetic (EM) survey at the Yarrambie Nickel/Copper/Cobalt target.

The Company will provide a further exploration update in the coming weeks.

Corporate - Extension to Managing Director's Executive Services Agreement

The Board has agreed to extend the term of Doug Rose's Executive Service Agreement (ESA) for a further 2 years expiring on 30 June 2020. All other conditions of the ESA will remain.

The Board also continues to review other potential projects in the resources sector.

For Investor queries, please contact:

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COMPLIANCE STATEMENT

The information in this announcement that relates to exploration targets and exploration results is based on information compiled by Mark Carder, a competent person who is a member of the Australian Institute of Geoscientists (AIG). The information has previously been announced to ASX on 15 May 2018 - "Exploration Update - Regional Field Activities". Santa Fe Minerals is not aware of any new information or data that materially effects the information provided in that announcement. Mark Carder is an employee of Santa Fe Minerals Limited. Mark has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mark Carder consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.