



ERONGO ENERGY LIMITED
ACN 114 175 138

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QUARTERLY ACTIVITY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2010

MINERAL EXPLORATION ACTIVITIES

Erongo Granites Project and Spitzkoppe Project (ERN 90%)

The Erongo Granites project consists of two tenements (EPLs 3453 and 3454) covering approximately 312 sq kms located to the south and north of the Erongo Complex in mid central Namibia. The Spitzkoppe project consists of two tenements (EPLs 3477 and 3523) covering approximately 380 sq kms located approximately 25 kms to the west of the Erongo Granites Project. The Company is targeting intrusive style granite-hosted uranium mineralisation as well as secondary calcrete-hosted mineralisation.

The Company has been informed that the renewal application process by the Namibian Department of Minerals and Energy in respect of the Erongo Granite tenements is expected to be successfully completed in November. The Company is considering various options in respect of further exploration of the project.

Other Projects

During the quarter the Company continued to review new project opportunities in order to identify a significant project to take the Company forward. The Company is targeting early stage projects with the potential for the discovery of significant deposits.

The Company is currently reviewing a number of project opportunities which are prospective for gold in Western and Central Africa. The projects are located in areas where gold has been produced historically or within highly prospective mineralized gold belts close to known gold deposits. The Company anticipates concluding its reviews of these projects during November.

CORPORATE

During the quarter the Company issued 7,300,000 options exercisable at 10 cents each on or before 30 June 2013 (ERNO) from the shortfall from its pro-rata non-renounceable offer to all shareholders to purchase one option for every 2 shares held at a price of 0.5 cents each.

As at 30 September 2010 the Company had cash at bank totalling \$2.78 million.

For further information in respect of Erongo, please contact:

<i>Mark Gasson</i>	<i>Patrick Flint</i>	<i>Ron Gajewski</i>
<i>Managing Director</i>	<i>Director</i>	<i>Chairman</i>
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Erongo Energy website: www.erongoenergy.com.au.

Notes:

Scientific or technical information in this report has been prepared by Mr Mark Gasson, the Managing Director of the Company and a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Gasson has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Gasson consents to the inclusion in this report of the Information, in the form and context in which it appears.

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ERONGO ENERGY LIMITED

ABN

50 114 175 138

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from sales	-	-
1.2 Payments for		
(a) exploration and evaluation	(51)	(51)
(b) development	-	-
(c) production	-	-
(d) administration	(85)	(85)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	27	27
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other revenues	-	-
Net Operating Cash Flows	(109)	(109)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to employees	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other -	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(109)	(109)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(109)	(109)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	37	37
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - costs of share issues	-	-
	Net financing cash flows	37	37
	Net increase (decrease) in cash held	(72)	(72)
1.20	Cash at beginning of quarter/year to date	2,856	2,856
1.21	Exchange rate adjustments to item 1.20	(3)	(3)
1.22	Cash at end of quarter	2,781	2,781

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	60
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Relates to Directors fees and salaries for executive and non-executive directors and payments made for company secretarial services.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	50
Total	150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	43	16
5.2 Deposits at call	2,738	2,840
5.3 Bank overdraft	-	-
5.4 Other –	-	-
Total: cash at end of quarter (item 1.22)	2,781	2,856

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

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Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
7.3 +Ordinary securities	71,731,408	71,731,408		
7.4 Changes during quarter				
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	24,671,728	24,671,728	10 cents	30/06/2013
	2,250,000	-	60 cents	30/11/2010
	2,750,000	-	10 cents	30/06/2013
7.8 Issued during quarter				
Entitlement issue of options - shortfall	7,300,000	7,300,000	10 cents	30/06/2013
7.9 Exercised during quarter				
7.10 Cancelled/Expired during quarter				
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 29 October 2010
(Company secretary)

Print name: Paul Jurman

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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