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## ERONGO ENTERS INTO AGREEMENT TO DISPOSE OF URANIUM INTERESTS IN NAMIBIA

Erongo Energy Limited (“Erongo” or “the Company”) has entered into an agreement to dispose of its mineral interests in Namibia for US\$625,000. The agreement is subject to various conditions including shareholder approval.

The mineral interests in Namibia comprise a 90% interest in the Erongo Granites and Spitzkoppe uranium projects. As previously advised, activities in relation to these projects have been limited due to delays experienced in licence renewals. In addition, it was expected the next phase of exploration would involve testing of deeper targets at significant cost. The Company had previously held discussions with parties that had expressed an interest in farming-in to the projects, however commercial terms could not be reached. The Company has now agreed to dispose of its interests to the minority (10%) partner in the Namibian projects, Geocon Exploration CC (“Geocon”). The consideration of US\$625,000 is payable by Geocon in cash at settlement.

The Company is continuing with its due diligence of the Maniema Project in east central Democratic Republic of Congo. The project is located in one of the world’s principal Precambrian orogenic-metallogenic provinces, which hosts Banro Corporation’s deposits within the Twangiza –Namoya belt immediately to the east and the world class gold deposits in the Kilo-Moto belt to the north (held by Randgold Resources and AngloGold Ashanti).

Seven significant target areas have been identified on the Maniema Project from previous exploration work. The primary target area comprises a soil anomaly defined over more than 1,000m, with trenching results including 25m @ 5.5g/t Au, 12m @ 4.6g/t Au and 24m @ 2.8g/t Au. The Company has secured a portable drill rig from mid January 2011 and plans to complete a limited (500 metre), low cost drill programme to test for continuity of mineralisation at depth below and along strike from the trenches. Dependent on results, during the due diligence the Company may also drill test one or more of the six other significant target areas identified for follow up.

*For further information in respect of Erongo, please contact:*

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*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.*