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ERONGO ENERGY LIMITED

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ACN 114 175 138

Registered Office:
30 LEDGAR ROAD, BALCATTA
WESTERN AUSTRALIA 6021

Postal Address:
PO BOX 717
BALCATTA WA 6914

Contact Details:
TELEPHONE 61 8 9240 8801
FACSIMILE 61 8 9240 2406
ADMIN@ERONGOENERGY.COM.AU
WWW.ERONGOENERGY.COM.AU

**5 September 2011**

# ERONGO ANNOUNCES $1.8 MILLION FINANCING

Erongo Energy Ltd (ASX: ERN) ("Erongo" or "the Company") is pleased to announce that it has entered into an agreement with BGF Equities Pty Ltd ("BGF") to raise $1.8 million on a best endeavours basis through the private placement of shares to institutional and high net worth clients in Australia and Europe. The Company proposes to issue 10 million shares at an issue price of 18 cents per share pursuant to the placement.

The placement is scheduled to close on or around 12 September 2011. The shares will be issued pursuant to the Company's 15% placement capacity under the Australian Securities Exchange ("ASX") Listing Rules.

The net proceeds of the placement will be used for Erongo's exploration programme at the Maniema Gold and Tin Project ("Maniema Project") and for working capital and general corporate purposes.

The Maniema Project covers 1,800 sq km of prospective ground in east central Democratic Republic of Congo. Erongo has recently commenced an initial diamond drilling programme at the PR4804 target. Mineralisation at PR4804 has been defined over more than 1km from soil sampling and remains open to the north, south and at depth. Drill holes will test this mineralisation over 700m including the down dip extension of highly significant results of 52m @ 4.61g/t Au, 80m @ 3.7g/t Au and 24m @ 3.4g/t Au reported from three trenches.

Recent work by Erongo has also determined the northern anomaly on PR4801 extends over more than 4km and runs parallel to a broad quartz vein which was trenched and pitted during Belgian colonial times over 1km. There is also evidence of extensive artisanal workings. Erongo is manually excavating a series of pits across the anomaly. Subject to the pitting results, Erongo aims to drill test PR4801 following completion of the first phase of drilling at PR4804.

The Company will also issue 1 million options to BGF exercisable at 25 cents each and expiring on 31 August 2013 as part consideration for completing the placement. A total of 750,000 options is not subject to shareholder approval and will fall within the Company's 15% placement capacity under ASX Listing Rules. The remaining 250,000 options will be issued subject to shareholder approval at a meeting of shareholders scheduled to take place in October 2011.

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


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|---|---|---|
| *Mark Gasson* | *Ron Gajewski* | *Paul Jurman* |
| *Managing Director* | *Chairman* | *Company Secretary* |
| *Tel: +41 798 824 602* | *Tel: +61 8 9240 8801* | *Tel: +61 8 9240 8801* |
| *Email: gassonm@telkomsa.net* | *Email: gajewskir@crcpl.com.au* | *Email: jurmanp@crcpl.com.au* |

Erongo Energy website: www.erongoenergy.com.au.


Notes:

*Exploration results in this report have 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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