



Shareholder Update

Elko Energy Inc. ('Elko') is pleased to provide this further update on the ongoing development of the Elko business.

Disposal of Shares in Dragon Energy Inc. ("Dragon")

The respective boards of Elko and Dragon have been in negotiation for some time in relation to Elko exiting its equity position in Dragon so that it can dedicate its management efforts and financial resources to its Dutch and Danish North Sea assets. On August 26, 2009, Elko and Dragon signed an overriding royalty agreement whereby Elko will benefit from a 2.5% overriding royalty from future revenues from the Kotaneelee field *, over a maximum term of five years, such five year period commencing August 26, 2009, capped at an aggregate value of CDN\$750,000. In exchange Elko has returned to Dragon 15,600,000 common shares representing its 51% ownership. Jack Bray, Peter Moir and Andy Morrison have resigned from the board of Dragon.

* Dragon holds a 30.667% working interest in the Kotaneelee field in the Yukon territory Canada operated by Devon. Gas production at Kotaneelee is in decline and gas prices in North America are currently depressed resulting in a significantly weakened revenue stream from current production levels.

Business Update

1) Netherlands

The geology, geophysical and reservoir engineering definitions of the P1-FA field have been further developed to create an outline field development plan. An appraisal well location has been identified and this will be discussed with our Dutch state partner EBN in the near future.

Discussions with offshore facilities and pipeline infrastructure owners have identified a number of options for the offshore removal and storage of CO₂ and the onward transportation of sales gas to European markets. Discussions continue with selected infrastructure owners to identify the best economic route to commercialize the P1/P2 assets.

Elko has had discussions with a number of potential new financing partners to replace Oyster via a promoted farm out of a percentage of Elko's working interest in Blocks P1 and P2. These partnering discussions continue in parallel with our discussion with infrastructure owners.

2) Denmark

Reprocessing of approximately 3,000 km of seismic data is now complete on our 02/05 Danish licence and work has commenced in evaluating the potential of the Chalk interval and to re-evaluate the Rotliegendes sandstone horizon. The results will be part of a planned marketing initiative aimed at securing an additional financing partner or partners.

Peter Moir
President
August 28, 2009

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this President's Message that are subject to significant risks and uncertainties. These statements concern Elko's plans, expectations and objectives for future operations of Elko's licenses in the North Sea.