



Shareholder Update

Elko Energy Inc. ('Elko') is pleased to provide this further update as part of its commitment to improve shareholder communications.

Acquisition of Oyster Energy BV

In the Netherlands sector of the North Sea, Elko operates two adjacent gas bearing exploration blocks, namely Block P1 and P2 in the Southern Permian Gas basin. We are pleased to announce that Elko has recently completed the acquisition of Oyster Energy BV. This acquisition, which was effective February 19, 2009, increases Elko's combined working interest in Netherlands Blocks P1 and P2 from 33% to 60%. Dutch Government partner Energie Beheer Nederland BV (EBN) owns the remaining 40% working interest.

The acquisition of Oyster resolves the previous lack of a joint operating agreement and enables Elko to proactively progress the development and marketing of the Dutch assets, including renewal of the P1 block exploration licence during 2009, and of the P2 block exploration licence during 2010. We regard this as major step forward in unlocking the inherent value contained in hydrocarbon resources of these Blocks.

A National Instrument 51-101 independent engineering report was prepared by TRACS International (the 'TRACS Report') during 2008 on the hydrocarbon resources contained within the P1 and P2 Blocks. The TRACS Report indicates that there are more than 250 bcf of hydrocarbon gas-initially-in-place within the Slochteren sandstone plus prospects identified which could contain a further 500 bcf hydrocarbon gas-initially-in-place within the Slochteren sandstone. Following the Oyster acquisition Elko has a 60% working interest in these hydrocarbon resources.

Business Direction

Management focus for 2009 is to concentrate on adding value to the existing Dutch assets through maturing the technical studies which are required to commercialize the existing discoveries and exploration upside, to attract financing partners for our assets in both the Netherlands and Denmark and to facilitate the Dutch and Danish licence renewal decisions.

➤ Netherlands

The current priorities for the Netherlands business are:

- Mature the technical definition of an integrated development concept for Blocks P1 and P2;
- Assess third party processing and transportation infrastructure capacity and commercial terms to take gas to the market;
- Develop contracting and procurement options in the current business environment;
- Update economic evaluation to optimize development concepts and investment phasing;

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.



- Attract financing partners to farm out a portion of our 60% interest of the P1 and P2 licences in due course as the development commercialization process matures;
- Select optimal drilling locations on Block P1 in preparation for renewal of P1 licence;
- Renew P1 licence; and
- Commence stakeholder engagement process with Dutch authorities on asset development and carbon sequestration issues.

Elko is in the process of strengthening internal staff resources to mature the development design and business plans for the exploitation of the P1 and P2 assets.

➤ **Denmark**

The current priorities for the Danish business are:

- Reprocess seismic data on Chalk prospects within licence acreage;
- Prepare marketing plans;
- Market and secure additional partner(s); and
- Prepare for licence renewal in 2010.

Business Environment

Management is very much aware of the need to conserve cash and contain operating costs in the current market environment. At the same time it is important to position Elko for an upturn opportunity and a number of steps have been taken towards that goal, including:

- Reduction in Elko office short term accommodation requirements securing a 37% reduction in cost;
- Suspension of consultant contracts related to the preparation of IPO documentation; and
- the interim audit review which was required to support the intended IPO has been cancelled.

The Board of Directors is meeting towards the end of March to consider the medium term strategy for Elko which will then be presented to the shareholders at Elko's Annual & General Meeting of Shareholder anticipated to occur late June 2009. Year-end financials will be included with the meeting materials, however in the interim we are pleased to report that at year-end December 31, 2008 Elko's cash position was US\$13.3 million.

Peter Moir
President and CEO
February 19, 2009