



Shareholder Update

Elko Energy Inc. ('Elko') provides this further regular update on the ongoing development of the Elko business.

Denmark

Elko is pleased to announce that an agreement with Norwegian Energy Company ASA ('Noreco') has recently been finalized under which Noreco will farm in to the 02/05 licence offshore Denmark. Noreco will become operator for the licence with 47% working interest, Elko will retain 33% and the remaining 20% will continue to be held by the existing partner, Danish North Sea Fund.

Under the terms of the arrangement, Noreco will pay Elko about USD 1 million in cash for its share of past costs. In the event of detecting hydrocarbons on the first exploration well, Noreco will cover Elko's share of the costs associated with the production testing phase.

The partners see significant resource potential in the under-explored 02/05 licence and are engaged in further technical studies to optimize the location for the first exploration well which is planned to be drilled in 2011. Further updates will be provided as appropriate.

The effective date of the transaction is April 1, 2010. The transaction is subject to approval from Danish Energy Agency.

I am very pleased to welcome Noreco as a partner who shares our vision for the 02/05 licence, has good regional knowledge and drilling experience as an operator. I look forward to testing this exciting exploration play opportunity in 2011.

Peter Moir
President
May 31, 2010

Noreco is a fast growing Norwegian, independent oil and gas company with offices in Stavanger, Copenhagen and Oslo. The company's focus is to explore, develop and produce oil and gas in the North Sea. Since incorporation in 2005, the company has grown rapidly through license rounds and acquisitions. Noreco operates in Norway, Denmark and United Kingdom, and employs over 80 oil and gas professionals. Noreco is publicly listed on the Oslo Børs (ticker NOR). It has more than 50 licences in the North Sea and the Norwegian Sea with oil and gas production from eight offshore fields averaging a production rate of 13,650 boepd as at March 2010. Further details on Noreco can be found at www.noreco.com.

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.