



Shareholder Update

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

Business Update

Netherlands

Elko announced in September 2010 that Elko Energy B.V. and Elko Exploration B.V., wholly owned subsidiaries of Elko, had entered into an agreement divesting of all of its interests in its licenses in blocks P1 and P2 offshore the Netherlands in exchange for an overriding royalty of up to 5% of the sales value from Chevron Exploration and Production Netherlands B.V. ("Chevron") gas delivered into the Dutch National Transmission System and Chevron condensate delivered onshore.

Elko is pleased to advise that Chevron has assigned 20% of their working interest in the offshore blocks P1 and P2 (including the associated overriding royalty arrangement with Elko) to TAQA Energy B.V. ("TAQA") and that regulatory approvals have been received. After state participation through Energie Beheer Nederland B.V. ("EBN") at 40%, the effective interests in the two blocks will be Chevron 48%, TAQA 12% and EBN 40%. This assignment by Chevron to TAQA has no effective impact on the overriding royalty interest held by Elko on the P1 and P2 blocks.

TAQA is the Dutch business unit of the Abu Dhabi National Energy Company that explores and produces gas and condensate onshore and offshore in the Dutch North Sea. Further details about TAQA can be found on their website at www.taqa.ae.

As previously announced Chevron intends to drill the P2-10 well on the P2 block in the fourth quarter of 2011 using the 'Noble Byron Welliver' jack up drilling rig. The P2-10 appraisal well targets an existing gas discovery on the P2 block and one of the main objectives is to evaluate commercial hydrocarbon flow rates from an extended reach horizontal well within the Rotliegendes sandstone reservoir. The well program is expected to take up to 100 days duration.

Commenting on the update, Peter Moir, President and CEO of Elko said, "We are delighted that another large and respected energy company, which is already active in the Dutch exploration and production business, wishes to participate in the P1 and P2 blocks activity with Chevron and EBN. This increases our confidence in the potential of the acreage and the attractiveness of the royalty arrangement to our shareholders."

Further updates regarding the drilling of this well will be provided as appropriate.

Peter Moir
President
May 24, 2011

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.