

GALLEON ENERGY INC.

Notice of Special Meeting of the Shareholders

TO: THE SHAREHOLDERS OF GALLEON ENERGY INC.

TAKE NOTICE that the Special Meeting (the "Meeting") of the shareholders of Galleon Energy Inc. (the "Corporation") will be held at Burnet, Duckworth & Palmer LLP, 1400, 350 – 7th Avenue S.W., Calgary, Alberta on the 7th day of June, 2006 at 2:00 p.m. (Calgary time) for the following purposes:

1. To consider, and if thought advisable, to pass a special resolution amending the Articles of the Corporation by subdividing the issued and outstanding Class A Shares of the Corporation by issuing one-half of one Class A Share for each Class A Share issued and outstanding, as more particularly described in the Information Circular – Proxy Statement which accompanies and forms part of this Notice; and
2. To transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Shareholders of the Corporation who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and to mail it to or deposit it with the Secretary of the Corporation, c/o Valiant Trust Company, Stock Transfer Department, Suite 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1. In order to be valid and acted upon at the Meeting, forms of proxy must be received at the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof.

Shareholders are cautioned that the use of the mails to transmit proxies is at each shareholder's risk.

The Board of Directors of the Corporation has fixed the record date for the Meeting at the close of business on May 8, 2006 (the "Record Date"). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he or she owns such shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

DATED at Calgary, Alberta, this 8th day of May, 2006.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Glenn R. Carley
Executive Chairman

GALLEON ENERGY INC.

Information Circular - Proxy Statement

for the Special Meeting
to be held on June 7, 2006

SOLICITATION OF PROXIES

This Information Circular - Proxy Statement is furnished in connection with the solicitation of proxies by the management of GALLEON ENERGY INC. (the "Corporation") for use at the Special Meeting of the shareholders of the Corporation (the "Meeting") to be held on the 7th day of June, 2006 at 2:00 p.m. (Calgary time) at Burnet, Duckworth & Palmer LLP, 1400, 350 – 7th Avenue S.W., Calgary, Alberta, and at any adjournment thereof, for the purposes set forth in the Notice of Special Meeting. Instruments of Proxy must be received by the Secretary of the Corporation, c/o Valiant Trust Company, Stock Transfer Department, Suite 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for the holding of the Meeting or any adjournment thereof. The board of directors of the Corporation (the "Board") has fixed the record date for the Meeting at the close of business on May 8, 2006 (the "Record Date"). Shareholders of the Corporation of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he or she owns such shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. Each shareholder has the right to appoint a proxyholder other than the persons designated, who need not be a shareholder, to attend and to act for the shareholder at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is provided to beneficial holders of Class A Shares or Class B Shares (collectively, "Common Shares") of the Corporation who do not hold their Common Shares in their own name ("Beneficial Shareholders"). Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those shares will not be registered in the Beneficial Shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees

are prohibited from voting shares for their clients. The Corporation does not know for whose benefit the shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("ADP"). ADP typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to ADP. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their shares. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction request or a proxy with an ADP sticker on it cannot use that instruction request or proxy to vote Common Shares directly at the Meeting as the proxy must be returned as directed by ADP well in advance of the Meeting in order to have the shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by ADP well in advance of the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

REVOCABILITY OF PROXY

A shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or the shareholder's attorney authorized in writing deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

PERSONS MAKING THE SOLICITATION

The solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of the Instrument of Proxy, Notice of Special Meeting and this Information Circular - Proxy Statement will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefor.

EXERCISE OF DISCRETION BY PROXY

The shares represented by proxy in favour of management nominees shall be voted on any ballot at the Meeting and, where the shareholder specifies a choice with respect to any matter to be acted upon, the shares shall be voted on any ballot in accordance with the specification so made.

In the absence of such specification, the shares will be voted in favour of the matters to be acted upon. The persons appointed under the Instrument of Proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Special Meeting. At the time of printing this Information Circular - Proxy Statement, management of the Corporation knows of no such amendment, variation or other matter.

MATTERS TO BE ACTED UPON AT THE MEETING

Share Split

The Board of Directors of the Corporation is proposing for consideration by shareholders, a Special Resolution pursuant to which the Articles of the Corporation would be amended to subdivide the issued and outstanding Class A Shares on the basis of three post-subdivision Class A Shares for each two pre-subdivision Class A Shares issued and outstanding. This will be done by issuing one-half (1/2) of one additional Class A Share for each issued and outstanding Class A Share on the Subdivision Record Date (as hereinafter defined). If a shareholder would be entitled to a fraction of a Class A Share, the Class A Shares issued to that shareholder on the subdivision will be rounded up to the next whole number of Class A Shares.

The Corporation's Class A Shares as traded on the Toronto Stock Exchange ("TSX") rose by 126% in 2005 and an additional 45% so far in 2006. The Board of Directors of the Corporation believes that the share split will encourage greater market liquidity and wider distribution among retail investors and the Board of Directors unanimously recommends that shareholders vote in favour of the Special Resolution.

The proposed special resolution (the "Special Resolution") to be voted upon at the Meeting is as follows:

BE IT RESOLVED as a Special Resolution of shareholders of Galleon Energy Inc. (the "Corporation") pursuant to subsection 173(1)(f) of the *Business Corporations Act* (Alberta) that:

1. The Articles of the Corporation be and are hereby amended to subdivide and change the issued and outstanding Class A Shares of the Corporation by issuing an additional one-half (1/2) of one Class A Share for each one Class A Share issued and outstanding;
2. No fractional Class A Shares shall be issued on the aforesaid subdivision and in the case that the subdivision results in a shareholder otherwise becoming entitled to a fraction of a Class A Share, an adjustment shall be made to round up to the next whole number of Class A Shares;

3. The directors of the Corporation are authorized to revoke this special resolution before it is acted upon without further approval of the shareholders; and
4. Any single officer or director of the Corporation be and is hereby authorized and instructed to execute all such instruments and carry out all such acts as are necessary to give effect to the foregoing.

Income Tax Matters

The Corporation is advised by legal counsel that, under existing Canadian income tax law and taking into account all published proposals for its amendment, the proposed subdivision of Class A Shares and amendment to the Articles of the Corporation to reflect such recapitalization by increasing the number of Class A Shares issued and outstanding by 50% will not result in taxable income or in any gain or loss to the holders of Class A Shares. In computing any gain on the disposition of the Class A Shares, holders of Class A Shares will be required to proportionately reduce the cost of each Class A Share to reflect the increase in the number of Class A Shares held. **Shareholders, particularly non-residents of Canada, should consult their own tax advisors to consider the consequences to them of the proposed subdivision.**

Effect on Class B Shares

The subdivision of the outstanding Class A Shares will not result in any adjustment or change to the provisions attaching to the Class B Shares. The number of Class A Shares issuable on conversion of each Class B Share (when they are convertible) is determined by dividing \$10.00 by the greater of (i) \$1.00 and (ii) the Current Market Price (as defined in the provisions attaching to the Class B Shares) of the Class A Shares at the effective date of conversion. To the extent that the Current Market Price is affected by the subdivision it will similarly affect the conversion rate as so determined.

Vote Required for the Special Resolution

Adoption of the Special Resolution by the shareholders will require the affirmative vote of not less than 66 2/3% of the votes cast on the Special Resolution by holders of Class A Shares and Class B Shares at the Meeting. The Special Resolution proposes that the directors may revoke the Special Resolution before it is acted upon without further approval of the shareholders.

Record Date for Subdivision

Pursuant to the rules of the Toronto Stock Exchange (the "TSX"), a record date for the subdivision (the "Subdivision Record Date") has been fixed at the close of business June 20, 2006 or such other date as may be approved by the Board of Directors and publicly announced by the Corporation. Pursuant to the TSX rules, the Class A Shares will commence trading on a subdivided basis at the opening of business on the second trading day preceding the Subdivision Record Date; namely June 16, 2006.

Delivery of Share Certificates

Share certificates for the additional Class A Shares to be issued on subdivision will be forwarded by prepaid mail to each shareholder of the Corporation within seven (7) days of the Subdivision Record Date at the address of such shareholder as it appears on the register of shareholders on that date.

Shareholders who hold their Class A Shares in street form should ensure they are registered as shareholders prior to the record date if they wish to receive the new certificates directly.

INFORMATION CONCERNING THE CORPORATION

Voting Shares and Principal Holders Thereof

As at May 8, 2006, there were 34,653,909 Class A Shares and 922,500 Class B Shares of the Corporation issued and outstanding, each such share carrying the right to one vote on a ballot at the Meeting. A quorum for the transaction of business at the Meeting will be present if there are not less than two persons present at the Meeting holding or representing by proxy not less than 5% of the shares entitled to be voted at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, as at May 8, 2006, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation other than as set forth below:

Name and Address	Number of Voting Shares	Percentage of Class (%)
Blackrock Advisors Inc. and its affiliates ("BAI") Wilmington, Delaware	4,146,031 Class A Shares Nil Class B Shares	12% Nil

Note:

- (1) Based on information provided by, and on public filings made by, the foregoing in which BAI advises that it has control or has investment discretion over the foregoing shares but does not beneficially own any of the shares.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Management of the Corporation is not aware of any material interest of any director or nominee for director, or executive officer of the Corporation or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the interest that the directors and executive officers have in the share split to be considered at the Meeting to the extent it will affect their shareholdings, on the same basis it will affect all other shareholders.

INFORMATION INCORPORATED HEREIN BY REFERENCE

The following sections contained in the Information Circular – Proxy Statement of the Corporation for the annual meeting of shareholders of the Corporation to be held on May 11, 2006 (the "Annual Meeting Information Circular") are incorporated herein by reference:

1. "Executive Compensation";
2. "Indebtedness of Directors and Executive Officers";
3. "Performance Graph"; and
4. "Interest of Management and Informed Persons in Material Transactions".

The Annual Meeting Information Circular is available on SEDAR at www.sedar.com and a copy may be obtained free of charge by any shareholder of the Corporation upon request from Shivon M.

Crabtree, Vice-President, Finance and Chief Financial Officer of the Corporation, (403) 261-9276 or shivonc@galleonenergy.com.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual audited comparative financial statements for the year ended December 31, 2005 and the related management's discussion and analysis. Copies of the Corporation's financial statements and related management discussion and analysis are available upon request from Shivon M. Crabtree, Vice-President, Finance and Chief Financial Officer of the Corporation, (403) 261-9276 or shivonc@galleonenergy.com.

OTHER MATTERS

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

APPROVAL

The contents and sending of this Information Circular - Proxy Statement has been approved by the Board.

DATED May 8, 2006.