

NEWS RELEASE

January 26, 2004

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GALLEON ANNOUNCES FINANCING

CALGARY, ALBERTA – Galleon Energy Inc. (“Galleon”) announces that today it has entered into a bought deal financing agreement with an underwriting syndicate led by GMP Securities Ltd. and including Canaccord Capital Corporation and Sprott Securities Inc. to issue 2,500,000 special warrants (“Special Warrants”) at \$4.00 each. Each Special Warrant will entitle the holder to receive one Class A Share without payment of any additional consideration.

The financing will be completed on a private placement basis resulting in total gross proceeds to Galleon of \$10,000,000. The underwriters also have an option exercisable prior to closing to increase the financing by up to 500,000 Special Warrants at \$4.00 each, for aggregate total gross proceeds of up to approximately \$12,000,000. The issue is subject to normal regulatory approvals and closing is expected on or about February 10, 2004.

The Corporation is required to file a prospectus qualifying the Class A Shares issuable on exercise of the Special Warrants if the hold period applicable to such shares will exceed 4 months. If the Corporation does not receive a receipt for such (final) prospectus within 140 days of the closing date, each Special Warrant will entitle the holder to acquire 1.1 Class A Share, in lieu of the one Class A Share otherwise issuable on exercise.

Proceeds from the issuance of the Special Warrants will be used to assist in funding an expanded capital program which includes the drilling of fourteen wells in the first quarter, mainly in the core areas of Dawson and Calais located in the Peace River area of Alberta. In addition, based on the successful results of the fourth quarter 2003 drilling program, Galleon plans to invest at least \$1 million in seismic in the Dawson and Calais areas.

Galleon trades on the TSXV under the symbols “GO.A” and “GO.B”.

Effective January 19, 2004 Galleon has relocated its offices to Suite 1250, 255 – 5th Avenue SW, Calgary, Alberta, T2P 3G6. The main phone number is 261-6012 and fax number is 262-5561.

Galleon is an emerging oil and gas company focused on the acquisition, exploration, exploitation and development of oil and natural gas in western Canada. Galleon’s business plan is to grow reserves and production to increase shareholder value through a focused exploration program, strategic acquisitions and controlled exploitation.

The Special Warrants and the Class A Shares issuable on exercise of the Special Warrants have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States, or to a U.S. person, absent registration, or an applicable exemption therefrom.

TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

FOR FURTHER INFORMATION SEE www.galleonenergy.com OR CONTACT:

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