

FOR IMMEDIATE RELEASE – January 6, 2005

GALLEON ANNOUNCES SUCCESSFUL 2004 DRILLING PROGRAM

CALGARY, ALBERTA – Galleon Energy Inc. (“Galleon”) announces 2004 exit production of 4,100 boepd based on field production information. This production includes 100% of the production acquired on December 1, 2004 in the Dawson, Alberta area as no rights of first refusal were exercised. In addition, production of approximately 400 boepd from six wells drilled in Q4/04 is expected to be tied-in during Q1/05.

The company reaffirms guidance on average daily production targets in Q1/05 of between 4,100 and 4,300 boepd and in Q2/05 of between 4,400 and 4,800 boepd.

Production has grown rapidly from 320 boepd at January 1, 2004 to 4,100 boepd at January 1, 2005. Production has increased by 3,780 boepd (approximately 1200%) since January 1, 2004 from exploration drilling (49%) and strategic acquisitions (51%).

Based on the success of the 2004 drilling program, Galleon plans to drill 50 wells with 18 wells planned in Q1/05.

2004 drilling program highlights

- In 2004, drilled 51 wells resulting in 33 (23.3 net) natural gas wells and one (0.6 net) oil well (67% success).
- In Q4/04, Galleon drilled 17 wells resulting in 11 (7.7 net) natural gas wells and one (0.6 net) oil well (70% success).
 - Calais – drilled seven wells resulting in five (3.6 net) natural gas wells.
 - Dawson – drilled seven wells resulting in four (2.8 net) natural gas wells.
 - Two Rivers and others – drilled three wells resulting in two (1.3 net) natural gas wells and one (0.6 net) oil well.

Calais

- In 2004, Galleon drilled 21 wells resulting in 15 (10.0 net) natural gas wells. One remaining well will be tied-in during Q1/05.
- Galleon drilled six deep gas wells and discovered the extension of a very large gas pool with 134 billion cubic feet (“bcf”) of gross original gas in place (based on a third party independent reservoir engineering study) and 101 bcf gross marketable gas reserves of which only 17 bcf has been produced. The potential marketable reserves for Galleon from this pool are estimated to be about 25 bcf. Currently, Galleon has tied-in only five of the six gas wells and plans to drill at least two more locations into this pool.

- Based on the success of the 2004 deep gas drilling project, Galleon sees more potential for the expansion of the deep gas project in 2005.
- Strong production growth from zero in January 2004 to 700 boepd in January 2005.

Dawson

- In 2004, Galleon drilled 19 wells resulting in 11 (7.0 net) shallow natural gas wells (58% success). Three remaining wells will be tied-in during Q1/05.
- Strong production growth from zero in January 2004 to 2,000 boepd in January 2005.
- Galleon sees strong growth potential in production and reserves by implementing new drilling projects in deep oil, medium and shallow gas.

Two Rivers

- In 2004, Galleon drilled two wells resulting in one (1.0 net) natural gas well and one (0.6 net) oil well. These wells will be tied-in during Q1/05.
- Production growth from zero in January 2004 to 450 boepd in January 2005.

2005 drilling program

- Plan to drill 50 wells with 18 wells planned in Q1/05.
- Balance of high impact exploration and low to medium risk exploration and development drilling inventory of 80 locations.
- Maintain high working interest in drilling projects with an average of 70%.

Calais

- Drilling inventory of 25 locations.
- Plan to drill 16 wells in 2005 with six wells planned in Q1/05.
- Expand the successful deep gas drilling project to the north and to the south and plan to drill eight wells.
- Expand the successful medium oil and gas drilling project to the south and to the west and plan to drill eight wells.
- Most of these wells have high impact and multi-zones potential.

Dawson

- Drilling inventory of 45 locations.
- Plan to drill 24 wells in 2005 with nine wells planned in Q1/05.
- Expand the successful multi-zone shallow gas drilling project to the north and to the south and plan to drill 18 wells.
- Develop two new high impact deep oil drilling projects. One well is planned for Q1/05 and at least three deep wells are planned in 2005.
- Develop several new multi-zone medium gas drilling projects and three wells are planned in 2005.

Two Rivers

- Drilling inventory of 10 locations.
- Plan to drill 10 wells in 2005 with three wells planned in Q1/05.
- Develop a new shallow gas drilling project with two wells planned in 2005.
- Develop a new high impact medium gas drilling project with seven wells planned in 2005.
- Develop a new high impact deep gas drilling project with one well planned in Q1/05.

Galleon trades on the TSX Venture Exchange under the symbols "GO.A" and "GO.B".

Galleon is a junior 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.

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

Glenn R. Carley, Chairman and Chief Executive Officer, (403) 261-9277, glennr@galleonenergy.com or

Steve Sugianto, President and Chief Operating Officer, (403) 261-9287, steves@galleonenergy.com or

Shivon Crabtree, VP Finance and Chief Financial Officer, (403) 261-9276

ADVISORY: Certain information regarding Galleon Energy Inc. including management's assessment of future plans and operations, may constitute forward-looking statements under applicable securities laws and necessarily involve risks associated with oil and gas exploration, production, marketing and transportation such as loss of market, volatility of prices, currency fluctuations, imprecision of reserve estimates, environment risks, competition from other producers and ability to access sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release. Disclosure provided herein in respect of boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.