

FOR IMMEDIATE RELEASE – MAY 18, 2005

## **GALLEON ACQUIRES PROPERTIES IN DAWSON – PEACE RIVER ARCH**

**CALGARY, ALBERTA** – Galleon Energy Inc. (“Galleon”) has closed the previously announced purchase of oil and gas properties from an arms length party for cash of \$89.8 million including closing adjustments. The properties are located in the center of Galleon’s core areas of Dawson and Calais in the Peace River Arch area of Alberta.

The purchase includes daily production of a minimum of 2,100 boe (60% light sweet oil, 40% natural gas); the remaining working interest in the existing Galleon operated gas plants and gathering systems in the Dawson area; 100% working interest in three additional gas plants; 85% working interest in and operatorship of a large oil battery; significant upside for low risk development drilling and recompletions; and approximately 147,000 net acres of undeveloped land.

This acquisition increases Galleon’s exposure to premium light sweet oil development projects, improves exploration efficiency and is accretive on cash flow and production per share. It is a key part of Galleon’s strategic plan to expand the exploration drilling program in the Peace River Arch area and to gain control of infrastructure in the area. Production from this area is characterized by high quality, multi-zone oil and gas reserves.

Post closing the acquisition, Galleon’s owns over 313,000 net acres of undeveloped land. In total, Galleon has access through ownership and farm-in to over 636,000 gross acres of land in the Peace River Arch area.

The acquisition was financed partially with Subscription Receipts which were issued on May 12, 2005. Proceeds from the issuance of the Subscription Receipts were placed in escrow and were released to Galleon in connection with the closing of the acquisition. In total, 3,794,000 Subscription Receipts were issued at \$10.00 each for gross proceeds of \$37,940,000. Holders of Subscription Receipts received one Class A Share of Galleon for each Subscription Receipt, without the payment of any additional consideration, upon the closing of the acquisition. The Class A shares issued are subject to a hold period under applicable securities laws expiring September 13, 2005.

Additional financing for the acquisition was provided by an increase in bank credit facilities to \$80 Cdn. Brascan Bridge Lending Fund Inc. provided financial advisory services in connection with the acquisition.

Galleon has 31,670,126 Class A shares and 922,500 Class B shares issued and outstanding which trade on the TSXV under the symbols “GO.A” and “GO.B”.

Galleon is a technically oriented high growth junior oil and gas company with focused operations in the Peace River area of Alberta. Galleon commenced operations in October 2003 and has had significant success in acquiring undeveloped acreage, drilling and purchasing production.

FOR FURTHER INFORMATION SEE [www.galleonenergy.com](http://www.galleonenergy.com) OR CONTACT:  
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*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.*