

FOR IMMEDIATE RELEASE – AUGUST 25, 2005

GALLEON OPERATIONS UPDATE AND EXPANSION OF LAND POSITION IN PEACE RIVER ARCH REGION

CALGARY, ALBERTA – Galleon Energy Inc. (“Galleon”) announces that it has entered into a strategic farm-in agreement with Penn West Energy Trust which provides access to 186 gross sections (119,040 gross acres) of land in the Dawson area in the Peace River Arch region of Alberta. Galleon has committed to drill a minimum of 15 wells on the multi-zone potential farm-in lands over the next 18 months.

Corporate highlights

- The deal increases the company’s land access in the Dawson area by approximately one-third to 776 gross sections (496,640 gross acres) and its average working interest in those lands to 83%.
- When combined with the existing 407 gross sections (260,480 gross acres) in the greater Calais area, Galleon has expanded its core Peace River Arch land access to over 1,183 gross sections (757,120 gross acres).
- Galleon now holds the second largest land position in the Peace River Arch.
- Total land access is now approximately 1,294 gross sections (828,160 gross acres).
- Galleon’s drilling inventory exceeds 125 locations.
- Current production is approximately 8,100 Boe/d with 700 Boe/d behind pipe awaiting tie-in.

Drilling program

- Six wells have been drilled and cased (100% success) for light sweet oil production in the Dawson area of which three wells, in total, are producing 1,400 Bbl/d. Based upon seismic and geological interpretation, Galleon plans to drill an additional 10 to 14 wells targeting light oil in the next 12 months.
- Galleon has an exciting high impact drilling program planned in the Peace River Arch. Four to six wells are expected to be drilled in this program within the next 4 months.
- Galleon has increased the Q3 and Q4 2005 drilling program to between 35 and 38 locations.

Galleon has received conditional approval to become listed on the Toronto Stock Exchange.

Galleon has 31,755,793 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 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.