

FOR IMMEDIATE RELEASE – January 9, 2006

GALLEON REPORTS 2005 DRILLING RESULTS AND INCREASES 2006 PRODUCTION GUIDANCE

CALGARY, ALBERTA – Galleon Energy Inc. (“Galleon”) is pleased to announce an increase in production guidance for 2006 due to the successful results of the 2005 drilling program. In 2005, Galleon drilled 74 wells (88% success); cased 11 (9.5 net) for light sweet oil; 49 (39.5 net) for natural gas; 5 (5.0 net) for heavy oil production and one service well. 50% of these locations were exploratory.

Current production exceeds 9,100 boepd with an additional 1,800 boepd of production capacity awaiting tie-in.

Production guidance

Estimated average daily production (boepd)	Old guidance		New guidance ⁽¹⁾	
	Low	High	Low	High
Q4 2005	8,400	8,800	8,400	8,800
2005 exit production	8,800	9,200	9,000	(actual)
Q1 2006	9,200	9,600	9,200	9,600
Q2 2006	10,000	10,400	10,200	10,600
Q3 2006			11,000	11,400
Q4 2006			11,600	12,000

(1) Based on and assuming estimated decline rates, the anticipated drilling program results using an average success rate of one in three and the drilling and tie-in of successful wells being completed on schedule.

Drilling program

- During 2005, Galleon expanded its portfolio of drilling opportunities to four multi-year projects from one multi-year project (multi-zone gas) in 2004. Based on the success of the four 2005 multi-year projects, Galleon plans to continue to grow its drilling inventory of low to medium risk locations in 2006.
- The 2006 capital expenditure program has been approved for \$120 million.
- Galleon has a current drilling inventory of 175 locations with access to undeveloped land exceeding 760,000 gross acres.

<u>2006 drilling plan</u>	<u># of gross wells (range)</u>	
High impact	10	15
Tight gas	20	20
Light oil	10	15
Multi-zone	55	55
Other	10	10
Total	105	115

- Currently, Galleon has three drilling rigs working and plans to drill between 30 and 35 wells in Q1/06.

Q4/05 drilling update

- Drilled 30 wells (87% success); cased 2 (1.7 net) for light sweet oil; 19 (15.6 net) for natural gas, 5 (5.0 net) for heavy oil production and one service well. 53% of these locations were exploratory.

- Highlights:

High impact project - large reserves potential with long reserve life

- ✓ Three deep oil and gas discoveries with similar additional drilling opportunities
- ✓ New production capacity of 4.4 mmscfd net (733 boepd)
- ✓ These new wells are expected to be tied-in during Q2/06
- ✓ Galleon has identified 20 locations and plans to drill 10 to 15 wells in 2006

Tight gas project - medium reserves potential with long reserve life

- ✓ New land acquisition of 16,480 gross acres (11,898 net acres)
- ✓ Commenced expansion of a gas plant located in the Dawson area to 15 mmscfd (2,500 boepd) from 5 mmscfd (833 boepd) which is expected to be completed in March 2006
- ✓ Drilled and cased five natural gas wells (100 % WI)
- ✓ New production capacity is approximately 4.3 mmscfd net (717 boepd) of which 1.0 mmscfd (167 boepd) was tied-in during Q4/05 with the remainder of 3.3 mmscfd (550 boepd) expected to be tied-in in Q2/06
- ✓ Galleon has identified 50 locations and plans to drill 20 wells in 2006

Light oil project - medium reserves potential with medium reserve life

- ✓ 53 square miles of 3D seismic was shot in December 2005 located immediately along the trend of Galleon's successful Q2/Q3 2005 drilling program in the Dawson area. This data sets up light oil, tight gas and multi-zone shallow gas drilling opportunities for Q1/Q2 2006
- ✓ Galleon has identified 20 locations and plans to drill 10 to 15 wells in 2006

Multi-zone gas project - medium reserves potential with medium reserve life

- ✓ Drilled 13 and cased 9 (7.0 net) natural gas wells
- ✓ New production capacity is 3.0 mmscfd net (500 boepd)
- ✓ These new wells are expected to be tied-in during Q1 and Q2/06
- ✓ Galleon has identified 80 locations and plans to drill 55 wells in 2006

Galleon's banking syndicate has approved, subject to documentation, an increase in available credit facilities to \$120 million.

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.

Galleon has 31,826,876 Class A shares and 922,500 Class B shares issued and outstanding which trade on the TSX under the symbols "GO.A" and "GO.B".

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ADVISORY: Certain information regarding Galleon Energy Inc. in this new release including management's assessment of future plans and operations, reserve and production estimates, drilling inventory and wells to be drilled, timing of drilling and tie-in of wells, productive capacity of new wells, capital expenditures and the timing thereof, may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals 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. Readers are cautioned that the foregoing list of factors is not exhausted. Additional information on these and other factors that could effect Galleon's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), at Galleon's website (www.galleonenergy.com). Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Galleon does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Disclosure provided herein in respect of barrels of oil equivalent (boe) 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.