

FOR IMMEDIATE RELEASE – May 29, 2006

GALLEON ANNOUNCES OPERATIONS UPDATE

CALGARY, ALBERTA – Galleon Energy Inc. (“Galleon”) announces an update to operations.

Q2 2006 DRILLING UPDATE

Galleon’s drilling success and momentum continues. Currently, Galleon has five drilling rigs working including one rig at Karr (new exploration drilling targeting Beaverhill Lake light oil), two rigs at Puskwa (development drilling to the recent Beaverhill Lake discovery light sweet oil), one rig at Dawson (new exploration drilling for Slave Point light oil) and one rig at Dawson (tight gas).

To date, in second quarter 2006, 10 (9.4 net) wells have been drilled with 9 cased (7.6 net) for a success rate of 90%. Wells cased for production include 4 light oil (3.0 net) and 5 natural gas (4.6 net). 50% of the locations were exploratory.

OPERATIONS UPDATE

Karr - new exploration project in Beaverhill Lake light oil

- One rig is currently drilling a well located approximately 25 miles south of the Puskwa area. The well is expected to be drilled to total depth of 4,200 meters by early June.
- Land access is approximately 9,280 gross acres with an average earned working interest of 37.5%.

Puskwa - Beaverhill Lake light sweet oil and Granite Wash natural gas

- One rig is currently drilling at 12-11-72-26W5M targeting Beaverhill Lake light sweet oil. A second rig is moving to 16-15-72-26W5M.
- In May 2006, one well located at 8-5-72-26W5M has been completed with further testing in progress.
- In May 2006, one well located at 8-32-71-26W5M has been cased with two zones encountered – Beaverhill Lake light sweet oil and Granite Wash natural gas. Completion is pending.
- The discovery well located at 16-32-71-26W5M (100% interest) remains capable of flowing over 2,000 bopd of light sweet oil. No water production has been encountered. Currently, the well is not on production due to facility constraints and will be limited to its monthly allowable rate of 293 bopd plus associated natural gas pending good production practice (“GPP”) approval. Pending GPP approval, the production rate remains to be determined.
- The 10,000 bopd crude oil facility is still on schedule for completion in December 2006.
- The natural gas plant is scheduled to be on-stream in July 2006.

- Galleon plans to drill 8-10 additional wells in 2006.

Eaglesham – high impact multi zone oil and gas

- Drilled and completed one natural gas well (60% interest) in the Debolt zone capable of producing 1.8 mmcf/d (300 boepd) gross.
- Another well has been recently completed in the Wabamun zone and is capable of producing over 500 boepd gross of light oil and natural gas (48% interest). This well is expected to be produced at a rate between 150 and 200 boepd.
- The natural gas plant is scheduled to be on-stream in July 2006.
- 75 square kilometers of 3D seismic has been acquired and interpreted resulting in 10 confirmed locations.
- Galleon plans to drill 6-8 additional wells before the end of the year.

Tight gas– long term, predictable, significant value project

- Since the beginning of the fourth quarter of 2005, Galleon has drilled and cased 22 wells across an area extending approximately 70 miles. The wells have been largely drilled one well per section or 640 acre spacing.
- 4 (100% interest) natural gas wells have been drilled and cased in second quarter 2006.
- Two rigs have been contracted to drill up to 50 wells during the remainder of 2006.
- Galleon has identified over 150 locations.
- Galleon has entered into a letter of intent with a senior oil and gas producer to acquire approximately 500 boepd and an additional 74,880 gross acres (61,920 net) of land. Closing of the transaction is expected prior to the end of June 2006.
- Land access in the tight gas project area totals 351,040 gross acres (549 sections).
- The natural gas plant is scheduled for expansion to 30 mmcf/d by year end 2006.

Dawson light oil project – new exploration area targeting Slave Point and Beaverhill Lake

- One rig is currently drilling for Slave Point oil and 6-8 additional wells are planned to be drilled in the second and third quarters of 2006.
- Galleon acquired 18 square kilometers of 3D seismic and two to three locations have been identified.

PRODUCTION GUIDANCE

Galleon is revising 2006 production guidance due to poor weather, delays in delivery of equipment, startup issues on new natural gas facilities and third party facility interruptions.

The summary of production interruptions in second quarter 2006:

1. Weather delays - shut in, non pipelined oil approximately 400 to 500 bopd (60% heavy oil);
2. Delays in equipment deliveries – approximately 200 boepd;
3. Start up issues in natural gas facilities – approximately 200 boepd; and
4. Third party interruptions – approximately 300 boepd.

Current production is in excess of 8,600 boepd based on field estimates. Production capacity of 3,000 boepd is anticipated to be brought on stream in the second and third quarters of 2006. Approximately 333 boepd of this production capacity is related to the Puskwa light sweet oil discovery well.

Revised production guidance

Estimated average daily production (boepd)	Old guidance (1)		New guidance (1)	
	Low	High	Low	High
Q2 2006	9,800	10,600	8,600	9,400
Q3 2006	11,700	13,000	10,500	12,000
Q4 2006	12,500	14,000	12,000	14,000
Exit 2006	13,000	15,000	13,500	15,500

(1) Based on and assuming estimated decline rates, the anticipated drilling program results using an average success rate of one in three, the drilling and tie-in of successful wells being completed on schedule and no unanticipated or unscheduled plant turnarounds or shut downs.

Galleon's credit facilities have been increased to \$150 million with two Canadian banks in the syndication.

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 34,698,909 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".

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

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ADVISORY: Certain information regarding Galleon Energy Inc. in this new release including management's assessment of future plans and operations, number of locations in drilling inventory and wells to be drilled, timing of drilling and tie-in of wells, productive capacity of the new well and productive capacity from different wells, production estimates, drilling, completion and facilities costs, timing of drilling, completion and construction of facilities, expected production rates, drilling success rates, dates of commencement of production and capital expenditures and 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, environmental risks, competition from other producers,

inability to retain drilling rigs and other services, capital expenditure costs, including drilling, completion and facilities costs, unexpected decline rates in wells, wells not performing as expected, 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.