

FOR IMMEDIATE RELEASE – July 26, 2006

GALLEON ANNOUNCES SECOND QUARTER OPERATIONS UPDATE

CALGARY, ALBERTA – Galleon Energy Inc. (“Galleon”) announces second quarter drilling results and project update.

Drilling update

In second quarter 2006, 22 (18.5 net) wells were drilled with a success rate of 91%. Wells cased for production include 10 light oil (7.0 net), and 10 natural gas (9.6 net). In second quarter 2006, Galleon drilled a second well capable of delivering significant light sweet oil (39° API) in the Puskwa area of Alberta.

Puskwa Beaverhill Lake light sweet oil pool

- Two rigs are currently drilling.
- In 2006, Galleon has drilled seven wells at Puskwa resulting in 2 wells which tested significant deliverability, 4 wells currently being tested and 1 well on the western edge which was tight. The four wells currently being tested have encountered Beaverhill Lake oil pay of 10 feet, 13 feet, 23 feet and 26 feet respectively. Galleon plans to partially develop this oil pool at Puskwa with horizontal wells which may include conversion of some or all of the four wells being tested into horizontal wells.
- Tested capacity on the two wells with significant deliverability (16-32-71-26W5M and 12-11-72-26W5) is approximately 3,900 boepd in aggregate.
- Tested capacity of the 16-32 well is in excess of 2,525 boepd of light sweet oil with no water. The 16-32 well is currently under government restricted production rate of 293 boepd pending approval of good production practice.
- Tested capacity of the 12-11 is in excess of 1,375 boepd of light sweet oil with no water. The allowable production rate of the 12-11 well has not yet been specified by the AEUB. The 12-11 well is located four miles from the original pool discovery well at 6-32-71-26W5M.
- The initial development plan includes:
 - the drilling of 10-12 wells in the remainder of 2006;
 - delineation drilling at the northern and eastern edges of the pool to determine the extent of the pool boundaries;
 - the drilling of vertical wells to target the higher permeability and thicker oil pay in the centre of the oil pool;
 - the drilling of horizontal wells to increase production allowables under primary production and to enhance productivity; and
 - an evaluation of early implementation of a water flood in the southern part of the pool to increase recovery factors.

Dawson Slave Point light oil project

- In second quarter 2006, 3 wells (1.5 net) have been drilled and cased for light oil.
- The 3 wells encountered oil pay zones ranging from 23 to 26 feet with porosities ranging from 8 to 12% in a dolomite reservoir.
- Completion operations have commenced on one well with completion pending on the other 2 wells.
- Based on continued drilling success, Galleon plans to drill 4 wells in the remainder of 2006.

Girouxville Beaverhill Lake and Granite Wash light oil project

- Galleon has access to approximately 86,000 gross acres (134 sections) with an average working interest of 77% in the Girouxville area.
- A 30 square mile proprietary 3D seismic program has been completed and 4 exploration drilling locations on 4 separate new structures have been identified. Four wells are planned in the next 6 months.

Eaglesham natural gas project

- Two rigs are currently drilling.
- Initially 3.2 mmcf/d (530 boepd) of natural gas is expected to be brought on production upon operational commencement of the Eaglesham 10 mmcf/d natural gas plant. Plant start up is scheduled for August 2006.
- 6 to 8 wells are planned over the next 6 months targeting multi-zone gas from the Dunvegan to Banff formations.

Dawson tight gas project

- Drilled 10 and cased 9 (net 9.0) natural gas wells in second quarter 2006.
- Current production is between 10 and 11 mmcf/d, an increase of over 400% since July 2005. An additional 3.7 mmcf/d is awaiting tie in during third quarter 2006.
- The existing natural gas plant is scheduled to be expanded to 30 mmscf/d by year end 2006.
- Land access currently exceeds 378,720 gross acres (592 sections) within the 12 mile by 120 mile project area.
- Galleon has identified 150+ locations.
- Up to 50 wells are planned for the remainder of 2006.
- Two rigs are currently drilling.

Current production is approximately 9,800 boepd based on field estimates. Pending completion of the natural gas plant, additional tested production of approximately 1,700 boepd is scheduled to be brought on stream in August. An

additional 1,100 boepd is scheduled to be brought on production in September. Production guidance for the remainder of 2006 is reconfirmed as previously disclosed.

Galleon is a technically oriented high growth oil and gas company with focused operations in the Peace River area of Alberta. Galleon has access to over 1 million gross acres of undeveloped land.

Galleon has approximately 55.8 million 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, number of locations in drilling inventory and wells to be drilled, timing of drilling and tie-in of wells, productive capacity of the wells, timing of drilling, completion and construction of facilities, expected production 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, imprecision of reserve estimates, 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, 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.