

FOR IMMEDIATE RELEASE – September 5, 2006

**GALLEON ANNOUNCES THIRD MAJOR WELL IN LIGHT SWEET OIL
DISCOVERY AT PUSKWA**

CALGARY, ALBERTA – Galleon Energy Inc. (“Galleon”) announces that a third major well, located at 16-11-72-26W5M, has been drilled at Puskwa located in the Peace River Arch area of Alberta.

The 16-11 well (100% interest) was rig released on August 26, 2006. This well was drilled to a total depth of 10,170 feet and encountered 20 feet of oil pay in the Beaverhill Lake formation with porosity ranging from 12% to 21% based on log analysis. The well tested over a period of four days at a rate of 1,142 Boe/d (87% oil and 13% gas) with no water. The quality of the light sweet oil is 38° API.

The 16-11 well is located four miles from the first major well at 16-32-71-26W5M. Tested capacity of the 16-32 well remains, as previously announced, over 2,500 Boe/d of light sweet oil with no water. Tested capacity of the second major well located at 12-11-72-26W5M (100% interest) remains over 1,400 Boe/d of light sweet oil with no water. Both wells are currently under EUB imposed restricted production rates which will be removed once Good Production Practice (“GPP”) has been obtained. It is expected that production from the 16-11 well will also be initially restricted by the EUB pending GPP.

Drilling update in the Puskwa area

The 16-11 well is a step out development well in one large oil pool. The edge of the pool has not yet been determined. Galleon will continue the delineation drilling program for the remainder of 2006 and 2007 in order to determine the extent of the pool.

To date Galleon has drilled eight wells at Puskwa resulting in three major wells which tested significant deliverability, four wells currently being evaluated and one well on the western edge which was tight. 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 evaluated into horizontal wells.

One horizontal well, located at 16-10-72-26W5M, one horizontal re-entry, located at 8-5-72-26W5M and one vertical well, located at 6-11-72-26W5M, are currently drilling. Galleon plans to drill an additional five to seven wells in the remainder of 2006.

Galleon is a technically oriented high growth junior 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 55.9 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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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.