

FOR IMMEDIATE RELEASE – October 4, 2006

GALLEON ANNOUNCES FOURTH MAJOR WELL AT PUSKWA AND THIRD QUARTER 2006 OPERATIONS UPDATE

CALGARY, ALBERTA – Galleon Energy Inc. (“Galleon”) announces a fourth major well in the Puskwa area of Alberta. The well is located at 6-11-72-26W5M (100% interest) and was rig released on September 27, 2006. This well was drilled to a total depth of 10,183 feet and encountered 23 feet of oil pay in the Beaverhill Lake formation. The well tested over a period of four days at a rate of 1,500 boepd (86% oil and 14% gas) with no water. The quality of the light sweet oil is 38° API.

The 6-11 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 2,525 boepd of light sweet oil. Tested capacity of the second major well located at 12-11-72-26W5M (100% interest) remains over 1,375 boepd of light sweet oil. Tested capacity of the third major well located at 16-11-72-26W5M (100% interest) remains over 1,100 boepd of light sweet oil. No water has been produced in any of these wells. The 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 6-11 well will also be initially restricted by the EUB pending GPP.

The 6-11 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.

Q3 2006 drilling update

In third quarter 2006, 37 wells were drilled and 35 (28.5 net) cased for a success rate of 95%. Wells cased for production include 8 light oil (6.5 net), 24 natural gas (19.0 net) and 3 heavy oil (3.0 net).

2006 exploration and development capital expenditures have been increased to \$250 million as a result of the successful drilling program. Of the \$250 million, approximately \$60 million will be spent on 3 natural gas plants (55 mmscfd capacity) and 2 crude oil batteries (15,000 boepd capacity). The investment in infrastructure in the areas has given Galleon a competitive advantage and a better ability to control costs.

Puskwa Beaverhill Lake light sweet oil pool

- In 2006, Galleon has drilled ten wells at Puskwa resulting in four major wells which tested significant deliverability; four wells are currently being evaluated; one horizontal re-entry well, located at 8-5-72-26W5M, is currently drilling; and one well on the western edge was tight.

- Galleon currently is implementing two drilling technologies: horizontal drilling and horizontal re-entry drilling. These technologies are being used to increase allowable production by 2 to 3 times the maximum allowable rate assigned to a vertical well.
- One horizontal well, located at 6-10-72-26W5M, and one horizontal re-entry well, located at 8-5-72-26W5M, are currently drilling.
- One horizontal well, located at 9-10-72-26W5M, has been cased and is currently being completed with production testing to follow.
- Galleon plans to drill 1 vertical and 3 horizontal wells in the remainder of 2006.
- The 10,000 boepd crude oil facility is expected to be completed prior to year end 2006.
- Total tested production capacity from the 4 major wells is approximately 6,500 boepd.
- Land access is approximately 20,000 gross acres (31 sections).
- In August 2006, the 10 mmscfd natural gas plant became operational.

Eaglesham project

- Drilled and cased 3 (net 1.8) natural gas wells in third quarter 2006.
- Two significant discovery wells were drilled in the quarter:
 - seven productive zones were identified in one of the wells - four zones which encountered a total of 65 feet of gas pay and tested a total of 3.6 mmscfd (2.2 mmscfd or 367 boepd net). The remaining three zones have encountered a total of 50 feet of gas pay but have not yet been completed.
 - the second well encountered 89 feet of light oil pay and is currently producing at a restricted rate of 500 boepd (270 boepd net).
- 3 - 5 wells are planned for the remainder of 2006 targeting multi-zone oil and gas from the Dunvegan to Banff formations.
- Land access is approximately 45,000 gross acres (70 sections).
- In August 2006, the 10 mmscfd natural gas plant became operational. This gas plant will be expanded to 15 mmscfd in fourth quarter 2006 in anticipation of future production growth in 2007.

Dawson Montney natural gas pool discoveries

- Drilled and cased 18 (net 14.9) natural gas wells in third quarter 2006.
- One significant discovery well tested 3.8 mmscfd (2.7 mmscfd net) with 29% drawdown. The absolute open flow test of this well was 13.1 mmscfd (2,183 boepd). This well is expected to be tied in before the end of the year with production rates to be determined.
- The existing 15 mmscfd natural gas plant is scheduled to be expanded to 30 mmscfd in fourth quarter 2006 in anticipation of further production growth in 2007.

- Land access currently exceeds 385,000 gross acres (602 sections) within the 12 mile by 120 mile project area.
- Galleon has identified over 150 locations in 8 separate large gas pools.
- Up to 15 wells are planned for the fourth quarter of 2006.

Current production is in excess of 12,000 boepd based on field estimates. Additional behind pipe production capacity of 2,000 boepd is anticipated to be on stream in fourth quarter 2006 and first quarter 2007 depending on the timing of tie-ins, facility construction and regulatory approvals. At Puskwa, additional production of between 3,000 and 4,000 boepd may be brought on stream pending regulatory approval of GPP of which the timing is not known at this time.

Daily production for third quarter 2006 is estimated to average between 9,300 and 9,500 boepd. Production delays are attributable to several events. Galleon was given short notice by the pipeline operator of significant shut-ins over a two week period in September due to pipeline inspections. The impact of the shut-ins was approximately 700 boepd for the third quarter of 2006. Delays on startup were realized at the newly constructed natural gas plants at Puskwa and Eaglesham. The impact of the delays was approximately 500 boepd for the third quarter of 2006. All of the above issues have now been resolved and current production exceeds 12,000 boepd.

Estimated 2007 exit production is targeted between 17,000 and 21,000 boepd (based on obtaining GPP approval at Puskwa during 2007). The 2007 capital budget is expected to be announced in November 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".

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

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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.