

FOR IMMEDIATE RELEASE – October 20, 2006

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GALLEON ANNOUNCES \$40 MILLION FINANCING

CALGARY, ALBERTA – Galleon Energy Inc. (“Galleon”) announces that it has entered into a financing agreement with an underwriting syndicate led by GMP Securities L.P., and including Sprott Securities Inc., Scotia Capital Inc., TD Securities Inc., FirstEnergy Capital Corp., and Maison Placements Canada Inc. to issue on a “bought deal basis” 1,025,700 Class A shares (“Class A Shares”) at \$19.50 each and 800,000 Class A Shares on a flow through basis (“Flow Through Shares”) at \$25.00 each for aggregate gross proceeds of \$40,001,150 million. The Class A Shares and Flow Through Shares will be offered in certain provinces of Canada pursuant to a short form prospectus.

The issues are subject to normal regulatory approvals including approval of the Toronto Stock Exchange and closing is expected on or about November 16, 2006.

Proceeds from the issuances will be used to fund a portion of the 2007 capital expenditure program. The proceeds from the issuance of the Flow-Through Shares will be used to incur eligible Canadian exploration expenses which will be renounced in favour of subscribers of the Flow-Through Shares effective on or before December 31, 2006.

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 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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The Class A Shares issued have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States, or to a U.S. person, absent registration, or an applicable exemption therefrom.

ADVISORY: This press release contains forward-looking statements. More particularly, this press release contains statements concerning the anticipated closing date of the offering and the anticipated use of the net proceeds of the offering. Although Galleon believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because Galleon can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties.

The closing of the offering could be delayed if Galleon is not able to obtain the necessary regulatory and stock exchange approvals on the timelines it has planned. The offering will not be completed at all if these approvals are not obtained or some other condition to the closing is not satisfied. Accordingly, there is a risk that the offering will not be completed within the anticipated time or at all.

The intended use of the net proceeds of the offering by Galleon might change if the board of directors of Galleon determines that it would be in the best interests of Galleon to deploy the proceeds for some other purpose, such as an acquisition.

The forward-looking statements contained in this press release are made as of the date hereof and Galleon undertakes no obligations to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.