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GALLEON ANNOUNCES LIGHT OIL DISCOVERIES DRIVE GROWTH IN 2007 AND 2008 PRODUCTION

CALGARY, ALBERTA – Galleon Energy Inc. (“Galleon”) – 2007 has been Galleon’s best year for new light oil discoveries. These results have set the foundation for solid production growth from a premium asset base with long life reserves.

Major milestones were accomplished in 2007, as follows:

1. Achieved production of 17,220 Boepd based on field estimates within the last week (48% oil and 52% natural gas). This represents a 32% increase over 2006 exit production.
2. Drilled significant light oil discoveries in Eaglesham, Kimiwan and McLeans Creek in the Peace River Arch area of Alberta which were followed up with a successful exploitation program. Currently, light oil production from these three new areas exceeds 3,000 Bopd. At current crude oil prices exceeding \$78 USD WTI, these areas have operating netbacks of over \$50/Bbl. Based on current commodity prices, historical costs and average well productivity, the payout of each successful well is less than one year. Galleon has identified more than 80 locations on 3D seismic and plans to drill up to 35 wells in 2008.
3. Commenced construction of one oil battery with capacity of 10,000 Boepd at Eaglesham. This facility is expected to be on stream in January 2008.
4. Discovered a Montney gas pool in Calais, Alberta. This discovery confirms the multi-zone potential in this area. During initial testing, the discovery well (100% working interest) flowed at 1.1 mmscfd with significant natural gas liquids. This well is not yet on production. Galleon plans to delineate this discovery well with 2 or 3 wells this winter. A follow up horizontal well is planned for 2008 to test the potential of the project.
5. Acquired a strategic property in Kakut, Alberta with both light oil and gas potential. Galleon acquired 200 Boepd of oil production, a strategically positioned oil battery and a natural gas plant. Eighteen drilling locations have been identified at Kakut.
6. Continued to expand the Dawson Montney gas development project. To date, Galleon has achieved a drilling success rate of over 90%. In excess of 350 locations have been identified in this project.
7. Continued to expand the Puskuwa Beaverhill Lake (“BHL”) light oil project. To date in 2007, Galleon has drilled 12 wells with 100% success and

thereby expanded the pool boundaries. Two enhanced recovery schemes have been initiated and have performed well to date.

In 2007, Galleon successfully converted 6 of 7 previously defined exploration areas into new producing properties. The success of the 2007 exploration program has further enhanced Galleon's portfolio of light oil and natural gas projects with long life reserves and good well productivity. In 2008, Galleon will continue to focus on expanding these light oil, high netback projects.

2008 BUDGET

In 2008, Galleon plans to drill up to 118 wells including 74 oil (mainly light oil) and 44 natural gas wells. The 2008 drilling program will focus on light oil, high netback wells. The breakdown of the planned 2008 drilling program is as follows:

<u>Light oil drilling program</u>	<u>Number of wells</u>
Kimiwan and McLeans Creek	18
Eaglesham	17
Puskwa	13
Kakut	6
New exploration	17
<u>Total</u>	<u>71</u>

<u>Natural gas drilling program</u>	<u>Number of wells</u>
Dawson Montney	34
Kakut	6
New exploration	4
<u>Total</u>	<u>44</u>

The Board of Directors has approved a 2008 capital expenditure program of between \$200 and \$210 million depending on commodity prices, market conditions and the closing of the previously announced acquisition of ExAlta Energy Inc ("ExAlta"). A portion of the capital expenditures have been allocated to projects on the ExAlta properties. The planned capital program is expected to match forecasted 2008 cash flow. The 2008 budget contains estimated operating costs of \$8.75/Boe and royalty rates, net of gas cost allowance, of 20%.

As previously announced, exit 2008 production (excluding production from the ExAlta properties) is estimated to range between 20,000 and 22,000 Boepd. Subsequent to the closing of the ExAlta acquisition, 2008 exit production guidance will be increased to between 22,000 and 24,000 Boepd. This forecast production represents an increase of between 28% and 39% over 2007 exit production.

No potential production additions from the success of the 21 new high impact exploration wells have been included in the 2008 production forecast.

2007 OPERATIONS UPDATE

Eaglesham light oil project

The Eaglesham area is located 45 miles north east of Grande Prairie, Alberta and is anchored by a large fairway of upper Devonian light oil accumulations. Galleon believes this fairway extends over 60 miles long and 18 miles wide. Galleon has assembled a large contiguous land block with high working interests in approximately 240 sections. Upon closing of the ExAlta acquisition, Galleon will have access to approximately 300 sections.

In 2007, Galleon is pleased to report a 78% drilling success at Eaglesham. Over 40 locations have been identified on Galleon's 100 square miles of owned existing 3D seismic. In 2008, Galleon plans to further exploit this trend by drilling up to 17 wells.

Galleon operates all of its wells owned in this area. In addition, Galleon owns a 20 mmscf/d gas plant (100% interest) and a 10,000 Boepd oil battery (100% interest) which is scheduled to be on stream in January 2008.

Kimiwan and McLeans Creek light oil project

The Kimiwan and McLeans Creek areas are located 60 miles north east of Grande Prairie, Alberta and are within a large fairway of lower Devonian light oil accumulations. Galleon has identified this fairway to be approximately 30 miles long by 20 miles wide. A large contiguous land block with high working interests has been assembled in this fairway which extends over 250 sections.

The company possesses 3D seismic data over 200 sections of land in the area and plans to acquire additional 3D seismic in 2008. Galleon has identified over 40 light oil locations on 3D seismic and plans to drill up to 18 wells in 2008.

Galleon operates the majority of its wells owned in the area and owns a 10,000 Boepd oil battery (85% interest).

Puskwa BHL light oil project

The Puskwa area is located about 30 miles east of Grande Prairie, Alberta. The Puskwa BHL sand oil reservoir has large areal extent and is part of a regionally extensive sand deposit. The reservoir is clean and has good porosity and permeability. Throughout most of 2007, this pool has been produced under primary recovery. Galleon believes, based on analogous BHL pools, that the reservoir lends itself to enhanced oil recovery which can significantly increase the

recoverable oil from the pool. Two enhanced recovery schemes are currently underway.

In 2008, Galleon plans to drill up to 13 wells and to expand the enhanced recovery scheme areas. Galleon also plans to further increase the oil recovery by properly optimizing well spacing. Based on Galleon's past experience exploiting BHL pools, 40 acre spacing is necessary for optimum drainage of the reservoir. As the current well spacing is 160 acres, there is significant potential for additional infill drilling in this project.

Dawson Montney natural gas project

The Dawson area is located about 60 miles north east of Grande Prairie, Alberta. Galleon has assembled a large contiguous land block at Dawson covering over 500 square miles. Galleon operates all of its wells and facilities owned in the area.

The Montney gas reservoirs in Dawson are characterized by large regional fine grained sand deposits. In 2007, Galleon expanded the Montney gas fairway by 10 miles to encompass an area approximately 35 miles long by 12 miles wide. In 2008, Galleon plans to drill up to 34 wells on this play and to expand the natural gas facilities to capacity of 40 mmscfd.

Galleon plans to continue to expand the drilling program and facilities due to strong economics of the project at current natural gas prices. Based on current prices of over \$6.00 Cdn AECO, historical costs in the area and average well productivity, the payout of each successful well is less than one year. This project is profitable with natural gas prices of approximately \$2.60/mcf.

The future plan for this project is to continue to explore for new Montney pools located along trend and to further develop the existing projects which includes down spacing to 2 wells per section. Currently, Galleon has identified over 350 locations in the Montney gas play.

Galleon has approximately 63.1 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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ADVISORY: Certain information regarding Galleon Energy Inc. in this news 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, exit rates and commodity mix, timing of payout of wells, plans for enhanced recovery schemes and the effect thereof, potential reserves 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 exhaustive. Additional information on these and other factors that could affect 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. Netbacks are calculated by deducting operating and royalty expenses from revenues.