

FOR IMMEDIATE RELEASE – January 11, 2007

GALLEON PROVIDES UPDATE ON FOURTH QUARTER 2006 OPERATIONS AND ANNOUNCES APPOINTMENT OF VICE PRESIDENTS

CALGARY, ALBERTA – Galleon Energy Inc. (“Galleon”) is pleased to announce successful drilling results in 2006.

2006 drilling results

In 2006, 118 wells were drilled and 106 wells (88.0 net) were cased for a 90% success rate. Wells cased for production include 28 light oil (22.1 net), 72 natural gas (59.9 net) and 6 heavy oil (6.0 net). 48% of these wells were exploratory.

Q4 2006 drilling update

In fourth quarter 2006, 29 wells were drilled and 26 (20.2 net) cased for a 90% success rate. Wells cased for production include 8 light oil (5.8 net) and 18 natural gas (14.4 net).

1. New exploration projects

- One deep oil discovery was drilled and cased at McLean Creek. This well tested in excess of 400 boepd (200 boepd net). Currently, one rig is drilling the second location in this project and 3 to 5 additional wells are planned in 2007.
- A second deep oil discovery was drilled and cased at Dawson. This well tested in excess of 150 boepd (50% interest).

2. Puskwa Beaverhill Lake light sweet oil pool

- Three (2.5 net) horizontal wells including one re-entry well located at 8-5-72-26W5M were successfully drilled and cased in Q4 2006.
- As previously announced, the 8-5 horizontal well tested in excess of 5,000 boepd (50% interest). The second well located at 6-10 will be placed on production at approximately 200 - 300 boepd. The third well located at 11-10 will be completed in mid to late January 2007.
- The horizontal well located at 9-10 was drilled in Q3 2006 and was completed in Q4 2006. This well is currently producing 200 boepd on pump.
- Three to four wells will be drilled in Q1 2007 to extend the strong 3D seismic BHL features to the northeast offsetting the productive wells in section 11 with aggregate tested production exceeding 4,000 boepd.
- Two wells are currently drilling with up to 15 wells planned in 2007.
- In Q4 2006, Galleon acquired 28 square miles of 3D seismic in a new area located north of Puskwa. One exploration well is planned in Q1 2007.

3. Eaglesham project

- Drilled and cased 4 (net 2.9) wells in Q4 2006.
- Two significant discovery wells were drilled in the quarter:

- the first discovery well (60% interest) has two productive gas zones. The zones from this well tested at a combined absolute open flow test of over 40 mmscfd as previously announced. The well is currently producing at a restricted rate of 4.1 mmscfd.
 - the second discovery well (65% interest) resulted in a new light oil pool which flow tested at 325 boepd.
 - Up to 10 wells are planned in 2007 targeting multi-zone oil and gas from the Dunvegan to Wabamun formations.
 - The gas plant will be expanded to 20 mmscfd from 15 mmscfd in the first quarter of 2007.
4. Dawson Montney natural gas pools
- Drilled 15 and cased 13 (11.2 net) natural gas wells in Q4 2006. Tested capacity for these wells is an aggregate of 7.5 mmscfd.
 - The natural gas plant capacity has been expanded to 30 mmscfd. A 6 inch sales line will be completed in Q1 2007 to allow maximum sales of 30 mmscfd.
 - Galleon has identified over 300 locations in the Dawson area.
 - Up to 60 wells are planned for 2007.

Current production is approximately 13,000 boepd based on field estimates. Additional behind pipe production capacity of 1,700 boepd is anticipated to be on stream in first quarter 2007 depending on the timing of tie-ins and facility construction. At Puskwa, based on test results, additional production of between 3,000 and 4,000 boepd may be brought on stream upon receipt of regulatory approvals by the EUB of which the timing is not known.

Daily production for fourth quarter 2006 is expected to have averaged 10,800 boepd based on field estimates. In fourth quarter 2006, severe cold weather caused production shut downs in Dawson and additional production interruptions occurred due to new plant expansion startups at Eaglesham, Puskwa and Dawson Montney gas. In addition, during the last week of 2006, approximately 500 boepd of crude oil was held in storage due to pipeline terminal restrictions at Puskwa.

Estimated 2007 exit production is targeted between 17,000 and 21,000 boepd (based on obtaining regulatory approvals at Puskwa during 2007). The 2007 capital budget is expected to be between \$170 and \$220 million.

Galleon has entered into 2 term natural gas contracts and one crude oil financial contract. For November 2006 to March 2007, 5,000 GJ/day will receive a fixed price of \$7.51/GJ Canadian. For April to October 2007, 5,000 GJ/day will receive a fixed price of \$6.64/GJ Canadian. During 2007, one costless collar contract for 1,000 bbl/day of crude oil is in place with a floor of \$61.75 US WTI and a ceiling of \$70.00 US WTI.

Galleon is pleased to announce an expansion of the senior management team with the appointment of Mr. Dale Orton to the position of Vice-President, Engineering West and Mr. Devin Sundstrom to the position of Vice-President, Engineering East.

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 land.

Galleon has approximately 57.7 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 news release including management's assessment of future plans and operations, number, type and timing of wells to be drilled, the plan and development of certain prospects, timing and completion of facilities, production estimates, productive capacity of the wells and timing of increased production for wells, expected capital expenditures, 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.