

FOR IMMEDIATE RELEASE – March 12, 2008

GALLEON ANNOUNCES 2007 RESERVES, PRODUCTION AND FINANCIAL RESULTS

CALGARY, ALBERTA – Galleon Energy Inc. ("Galleon" or the "Corporation") announces record corporate reserves, production and strong financial results in 2007.

2007 Performance

Volume growth in 2007 has delivered significant value. The successful development and expansion of the three key projects, Puskuwa, Dawson Montney gas and Eaglesham, will provide sustainable growth for the future.

- Drilled 93 gross wells resulting in 49 (44.5 net) natural gas wells, 29 (26.7 net) light oil wells and 5 (3.6 net) heavy oil wells; a success rate of 89%;
- Converted 6 of 7 exploration initiatives into producing properties;
- Averaged daily production of 13,429 BOE: natural gas - 45.7 Mmcf and crude oil and NGLs - 5,813 bbl, an increase of 43% from 2006; with an operating netback of \$29.14/BOE;
- Gross proved reserves and proved plus probable reserves grew to 34.1 million and 59.5 million BOE, respectively;
- Gross proved plus probable reserve life index was 11.1 years based on average Q4 2007 production;
- Production on a proved plus probable basis was replaced 2.9 times;
- Gross proved plus probable reserves were 37% light oil, 42% natural gas, 19% heavy oil and 2% natural gas liquids;
- Access to over 1 million gross acres of land, approximately 80% net owned, has been assembled;
- An inventory of over 725 drilling locations has been identified;
- Increased access to 3D seismic over Galleon lands by 80%;
- Commenced drilling on 2 new resource plays in the Peace River Arch with good initial success.

2007 Financial Highlights

- Generated funds from operations of \$131.1 million (\$2.18 per basic share), an increase of 54% from 2006;

- Reached revenues of \$245.2 million, an increase of 55% compared to 2006;
- Recorded earnings of \$17.6 million (\$0.29 per basic share) excluding an unrealized loss of \$9.3 million based on a mark to market value on crude oil costless collar contracts;
- Spent \$208.3 million on exploration and development activities plus property acquisitions of \$52.1 million;
- Completed two share equity offerings for gross proceeds of \$90.0 million with the issuance of 4,814,100 Class A shares;
- Increased the extendible revolving bank credit facility to \$220 million; and
- Approved a \$200 million capital budget for 2008 to be funded from cash flow.

Subsequent to year end 2007

In 2008, commodity prices have continued to strengthen and opportunities for consolidation acquisitions have increased. Galleon's focus is to create value through both drilling and acquisitions. Galleon plans to pursue acquisitions which have intrinsic value exceeding current market value and are accretive on a cash flow and reserve basis.

- The acquisition of ExAlta Energy Inc. ("ExAlta") closed on January 16, 2008 which increased proved plus probable reserves by 5.3 million BOE to 64.8 million BOE, in aggregate.
- The extendible revolving bank credit facility has been increased to \$250 million with an additional \$15 million acquisition facility.
- Galleon has entered into an agreement to purchase a non-listed company ("Privateco") for consideration of \$67.2 million which includes positive working capital of approximately \$3.8 million. The acquisition price will be paid by the issuance of approximately 4 million Class A shares of Galleon. This is a consolidation acquisition with approximately 80% of the properties located in Galleon's Dawson Montney core area. The acquisition will add proved plus probable reserves of 4.2 million BOE and over 1,500 BOE/day of production (85% natural gas, 15% oil). In addition, 8 gas plants exceeding 42 Mmcf/d gross capacity and in excess of 65,000 net undeveloped acres of land will be acquired. The land and gas plants are estimated to be valued at \$9.8 million. The acquisition will be completed by way of a plan of arrangement and is subject to receipt of approval by not less than 66 2/3% of the shareholders of Privateco that vote on the resolution, court approval and required regulatory approvals. The acquisition is expected to close prior to the end of May 2008.

- With the strength of natural gas and light oil pricing, Galleon has positioned itself to explore and exploit more Montney natural gas resource plays and light oil projects which can deliver significant long life reserves and production.
- Currently, one horizontal well in the Dawson Montney natural gas resource project is being drilled. The success of the horizontal well will affect positively the exploitation plan and increase potential reserves and production from the Dawson Montney gas project which contains over 500 sections of land.
- In the second half of 2008, one horizontal and one vertical well in the Montney resource play located in B.C. are planned. One horizontal well, targeting the Montney resource play, in the Calais area of Alberta is also planned in the second half of 2008.

Reserves

The reserves of the Corporation (not including ExAlta and Privateco) were evaluated by Degolyer and MacNaughton Canada Limited ("DeGolyer") as at December 31, 2007. The reserve evaluation has been approved by the Board of Directors of Galleon.

Gross reserves are the total of the Corporation's working interest share before deduction of royalties owned by others. Net reserves are the total of the Corporation's working interest reserves after deducting amounts attributable to royalties owned by others, plus the Corporation's royalty interest reserves.

In 2007, capital and reserve additions are as follows:

	Capital expenditures \$MM	Proved reserve additions MMBoe	Proved plus probable reserve additions MMBoe
Exploration & development	208.3	9.2	12.0
Acquisitions	52.0	1.5	2.0
Change in future capital - proven	15.8	-	-
Change in future capital - probable	42.3	-	-
Total	318.4	10.7	14.0

The aggregate of exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

Forecast price case - Remaining Reserves as of December 31, 2007

	Light Oil (Mbbbl)		Heavy Oil (Mbbbl)		Sales Gas (MMcf)	
	Gross	Net	Gross	Net	Gross	Net
Proved Developed Producing	5,920	4,324	1,751	1,393	44,515	34,019
Proved Developed Non-Producing	1,194	899	820	680	18,605	13,612
Proved Undeveloped	3,454	2,597	4,130	3,368	34,119	26,714
Total Proved	10,567	7,820	6,700	5,441	97,239	74,345
Probable	11,259	8,140	4,692	3,719	54,298	41,270
Total proved plus probable	21,826	15,960	11,392	9,160	151,537	115,615

	Natural Gas Liquids (Mbbbl)		Total (Mboe)	
	Gross	Net	Gross	Net
Proved Developed Producing	275	186	15,365	11,573
Proved Developed Non-Producing	139	90	5,253	3,937
Proved Undeveloped	197	133	13,467	10,550
Total Proved	611	408	34,085	26,060
Probable	389	259	25,388	18,997
Total proved plus probable	1,000	668	59,473	45,057

Gross proved plus probable reserves at Puskwa, Dawson Montney gas, Eaglesham and Edam combined represent approximately 77% of corporate reserves volumes and 78% of corporate reserves value.

Forecast Price Case	Future Net Revenue Before Income Taxes as of December 31, 2007 (\$MM)			
	Reserve category	Undisc	Discounted at:	
5%			8%	10%
Proved Developed Producing	481	417	388	371
Proved Developed Non-Producing	135	105	93	86
Proved Undeveloped	291	200	164	145

Total Proved	907	723	645	601
Probable	786	567	480	433
Total proved plus probable	1,692	1,289	1,125	1,035

Note: Future net revenue does not represent fair market value

DeGolyer used the following price assumptions in the forecast reserves pricing and costs case as released by DeGolyer effective December 31, 2007.

Pricing assumptions	WTI Cushing Oklahoma (\$U.S./Bbl)	Edmonton Oil Price (\$Cdn./Bbl)	Alberta Spot (\$Cdn./Mcf)
2008	90.00	89.50	6.69
2009	86.52	86.01	7.29
2010	84.87	84.34	7.18
2011	83.32	82.78	7.13
2012	82.78	82.23	7.19
2013	82.19	81.62	7.21
2014	81.53	80.96	7.35
2015	81.99	81.41	7.49

Additional reserve disclosure tables, required under NI 51-101, will be contained in the Annual Information Form to be filed on SEDAR before March 29, 2008. Consistent with industry standard practice, reserves have been calculated under the existing Alberta royalty regime due to uncertainties and lack of sufficient details to determine royalties under the proposed Alberta new royalty regime (NRF).

Production and operations

Production averaged 14,695 boepd during the fourth quarter of 2007. In January and February 2008, the bitter cold weather has affected operations and production in Galleon's major properties. This cold weather caused some temporary shut-ins of existing production as well as delays in well completions, well tie-ins and new oil well equipping. Also, delays were experienced on the start-up of the newly constructed Eaglesham 10,000 bopd oil battery. The Q1 2008 average production is estimated to be between 17,000 and 17,500 boepd. In March, these operational issues have been rectified. Current production, based on field receipts, exceeds 19,000 boepd. In addition, 400 boepd of production in the Clear Hills area (acquired in the ExAlta acquisition) remains shut in due to a third party gas plant incident. This gas plant is expected to be back on stream in Q2 2008.

Post completion of the current acquisition of Privateco, Galleon will increase exit 2008 production guidance to over 23,000 boepd.

Management's Discussion and Analysis

This Management's Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Galleon Energy Inc. ("Galleon" or the "Corporation") for the year ended December 31, 2007 with comparisons to the year ended December 31, 2006. The MD&A has been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2007.

Petroleum and natural gas reserves and volumes are converted to a common unit of measure on a basis of six thousand cubic feet (Mcf) of gas to one barrel (Bbl) of oil. Barrels of oil equivalent ("BOE") may be misleading, particularly if used in isolation. The forgoing conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Amounts are shown in Canadian dollars unless otherwise stated. All production volumes disclosed herein are sales volumes.

This MD&A is based on information available as of, and is dated, March 10, 2008.

Non-GAAP Measurements

The MD&A contains terms commonly used in the oil and gas industry, such as funds from operations, funds from operations per share, and operating netback. These terms are not defined by GAAP and should not be considered an alternative to, or more meaningful than, cash provided by operating activities or net earnings as determined in accordance with Canadian GAAP as an indicator of Galleon's performance. Management believes that in addition to net earnings, funds from operations is a useful financial measurement which assists in demonstrating the Corporation's ability to fund capital expenditures necessary for future growth or to repay debt. Galleon's determination of funds from operations may not be comparable to that reported by other companies. All references to funds from operations throughout this report are based on cash flow from operating activities before changes in non-cash working capital and abandonment expenditures. The Corporation calculates funds from operations per share by dividing funds from operations by the weighted average number of Class A shares outstanding.

Galleon uses the term net debt in the MD&A and presents a table showing how it has been determined. This measure does not have any standardized meaning prescribed by Canadian GAAP and therefore may not be comparable to similar measures presented by other companies.

Annual Information

(\$000s)	2007	2006	2005
Revenues	245,203	157,931	135,050
Funds from Operations(1)	131,052	85,151	78,079
Per share, basic(1)	2.18	1.60	1.78
Per share, diluted(1)	2.12	1.52	1.68
Net Earnings	8,286	13,826	19,620
Per share, basic	0.14	0.26	0.45
Per share, diluted	0.13	0.25	0.42
Total Assets	799,359	614,565	352,619
Net debt	193,557	151,213	93,783
Total Long-term Financial Liabilities	-	-	-

(1) Funds from operations and funds from operations per share is not a standard measure under GAAP and may not be comparable to similar measures presented by other companies. Management believes that funds flow per share is a useful supplementary measure that may assist investors in assessing the underlying per share value of the Corporation.

(2) See " Non-GAAP Measurements "

Results of Operations

Comparative financial results for the year are as follows:

Year ended December 31	2007		2006	
(\$000s)	4,901,518 BOE	\$/BOE	3,420,198 BOE	\$/BOE
Revenues	245,203	50.03	157,931	46.18
Royalties	(51,586)	(10.52)	(32,900)	(9.62)
ARTC and GCA	10,033	2.05	9,371	2.74
Transportation costs	(6,024)	(1.23)	(4,507)	(1.32)
Operating costs	(44,759)	(9.13)	(33,675)	(9.85)
Net	152,867	31.20	96,220	28.13
Other revenue	-	-	5	-
G&A	(7,281)	(1.49)	(5,590)	(1.63)
Interest costs	(10,110)	(2.06)	(4,527)	(1.32)
Loss on financial derivative	(3,545)	(0.72)	-	-
Capital and other taxes	(879)	(0.18)	(957)	(0.28)
Funds from operations(1)	131,052	26.75	85,151	24.90

(1) See "Non-GAAP Measurements"

Petroleum and Natural Gas Revenues

Year ended December 31	2007		2006	
(\$000s)		%		%
Light oil	98,564	40	50,139	32
Heavy oil	27,776	11	25,131	16
NGLs	5,736	3	2,919	2
Natural gas	112,299	46	79,125	50
Royalty income	828	-	617	-
Total	245,203	100	157,931	100

Revenues for the year ended December 31, 2007 increased 55% to \$245.2 million from \$157.9 million in the prior year due to a 43% increase in average production volumes. As well the overall price received increased to \$50.03/BOE from \$46.18/BOE a year ago as a result of higher commodity prices. The average oil price increased 15% year-over-year excluding the 2007 crude oil financial derivative contract. Galleon's petroleum products are sold at spot reference prices based on U.S. dollars for crude oil and AECO for natural gas. The 2007 decline in the value of the U.S. dollar has had a negative effect on the oil revenues received by Galleon.

Production

Year ended December 31	2007		2006	
	BOE/d	%	BOE/d	%
Light oil (Bbls/d)	3,562	26	1,963	21
Heavy oil (Bbls/d)	2,005	15	1,845	20
NGLs (Bbls/d)	246	2	131	1
Natural gas (Mcf/d)	45,697	57	32,584	58
BOE/d (6:1)	13,429	100	9,370	100

Average production volumes for 2007 of 13,429 BOE/d increased by 43% compared to 9,370 BOE/d in 2006. By product, light oil volumes increased 81%, natural gas volumes increased 40%, and heavy oil volumes increased 9%. Light oil production increased as a result of drilling success in the Puskwa, Eaglesham and newly discovered areas of McLeans Creek and Kimiwan. Natural gas production increased as a result of Dawson Montney gas, Eaglesham and Puskwa drilling success. Heavy oil production increased slightly as a result of optimization techniques and minor workovers at Edam.

Commodity Pricing and Marketing

Petroleum products are sold to major Canadian marketers at spot reference prices based on US WTI for crude oil and AECO for natural gas. As a means of managing the risk of commodity price volatility, for the period from April 1, 2007 - October 31, 2007 15,000 GJ per day was contracted at prices ranging between \$6.50 per GJ to \$8.12 per GJ. For the period December 31, 2007, Galleon realized gains of \$3,993,621 on its gas contracts. As well in 2007 Galleon realized a loss of \$3,544,859 on crude oil financial derivative contracts for 1,000 Bbl per day for the period from January 1, 2007 - December 31, 2007 and 2,000 Bbl per day for the period from July 1, 2007 - December 31, 2007.

Galleon entered into one term natural gas contract and two crude oil financial contracts for 2008. The natural gas contract for 10,000 GJ/day was put in place on January 8, 2008 and has a term from February 1 to December 31, 2008 with pricing subject to a costless collar of \$6.00/GJ and \$8.00/GJ Canadian. For crude oil, Galleon implemented one costless collar contract on 2,000 Bbl/day, fixing a floor price of WTI CDN \$70.00/bbl and a ceiling of WTI CDN \$80.75/bbl

for the period January 1, 2008 to December 31, 2008. A second crude oil costless collar contract was also implemented on 1,000 bbl/day, fixing a floor price of \$75.00 WTI USD and a ceiling of \$100.00 WTI USD for the period January 1, 2008 to December 31, 2008. An unrealized loss of \$9,264,400 was recorded based on the mark to market value at December 31, 2007 of these 2008 financial contracts.

Prices (net of transportation)

Year ended December 31	2007	2006
Light oil (\$/Bbl)	74.77	68.81
Heavy oil (\$/Bbl)	37.39	36.75
Total oil including financial derivative contract (\$/Bbl)	59.56	53.27
Total oil with out financial derivative contract (\$/Bbl)	61.31	53.27
Natural gas (\$/Mcf)	6.54	6.44
NGLs (\$/Bbl)	63.94	60.84

The average light oil price (excluding the financial derivative contract) received for 2007 was \$74.77/Bbl, an increase of 9% compared to \$68.81/Bbl in the prior year. The average heavy oil price was \$37.39/Bbl, an increase of 2% compared to \$36.75/Bbl in the prior year. For 2008, management has budgeted an average WTI price of USD \$75.00.

The average natural gas price received for 2007 was \$6.54/Mcf, an increase of 2% compared to \$6.44/Mcf in the prior year. For 2008, management has budgeted an average AECO price of \$6.25/Mcf.

Performance by Property

Years ended December 31	2007			2006			2007 Funds from opera- tions(2)
	Production	Oper- ating net- backs/ BOE(1)	\$	Production	Oper- ating net- backs/ BOE(1)	\$	
Puskwa	2,125	16	52.31	657	7	55.55	28
Dawson Montney gas	3,406	25	28.50	1,120	12	23.18	25
Eaglesham	1,763	13	28.91	280	3	35.42	13
Dawson	3,025	23	29.60	4,010	43	28.62	23
Calais	715	5	25.03	1,002	11	26.62	5
Edam and other heavy oil	2,005	15	8.33	1,846	20	7.57	4
B.C.	212	2	27.18	225	2	26.01	1
Other	178	1	12.53	230	2	18.73	1
	13,429	100	29.14	9,370	100	25.39	100

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- (1) Operating netbacks/BOE exclude ARTC and GCA and are calculated by subtracting royalties and operating costs from revenues divided by average annual production.
 - (2) See "Non-GAAP Measurements".

Galleon continued to expand the Puskwa Beaverhill Lake ("BHL") light oil project in 2007 and has drilled 12 wells with 100% success thereby expanding the pool boundaries to approximately ten miles in length. 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 have been initiated and have performed well to date. Puskwa contributed 28% of annual funds from operations from 16% of total production. Producing wells generated strong operating netbacks of \$52.31/BOE driven by low operating costs of \$4.54/BOE and high light oil prices, net of transportation, of \$77.31/bbl. The high light oil price received is indicative of the quality of the 38 degree API sweet oil. Galleon plans to drill up to 13 new wells in the Puskwa area in 2008 and expand the enhanced recovery scheme areas. 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 and applications for downspacing have been initiated. A significant Montney resource play has been identified in this area and will be delineated in 2008.

In 2007 Galleon expanded the Dawson Montney gas fairway by 10 miles to encompass an area approximately 35 miles long by 12 miles wide. Galleon has achieved a drilling success rate of over 90% and has identified in excess of 350 locations in this project. Production of Montney gas at Dawson increased by 204% compared to 2006 due to a successful drilling program. Operating netbacks increased by 23% to \$28.50/BOE due primarily to lower operating costs of \$4.88/BOE compared to \$6.04/BOE in 2006. Operating costs per BOE are low due to control of the facilities in the area and increased production rates. Dawson Montney Gas average production was 3406 BOE/day and contributes 25% of the annual funds from operations from 25% of production. Galleon has assembled a large contiguous land block at Dawson covering over 500 square miles. 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. Galleon plans to drill up to 34 wells on this play and to expand the natural gas facilities to capacity of 40 mmscfd in 2008, subject to natural gas prices.

Liquids rich natural gas and light oil production at Eaglesham averaged 1,763 BOE/day in 2007. Galleon has drilled 15 wells in 2007 with 87% success and has identified new light oil pools in Eaglesham. Eaglesham contributed 13% of 2007

annual funds from operations from 13% of production. Year to date operating netbacks of \$28.91/BOE reflect a low operating cost structure of \$5.82/BOE. Control of the facilities in the area has enabled Galleon to control operating costs. A new 10,000 BOE/day oil battery with significant water disposal capabilities and expansion of the existing gas plant were completed in early 2008. The battery and plant expansion was required to accommodate existing and significant production growth expected in 2008. Galleon spent \$3.0 million on 3D seismic in the Eaglesham area in 2007 and based on this seismic has built a prospect inventory of over 50 locations. Galleon plans to drill up to 17 wells in this area in 2008 expanding the Wabamun oil play on the existing Galleon acreage trend.

The Dawson area averaged 3025 BOE/day and contributes 23% to Galleon's annual funds from operations from 23% of total production. Production from the area decreased overall by 25% compared to the previous year as a result of natural gas declines due to reduced capital spending. Light oil production increased 26% in the Dawson area in fourth quarter 2007 compared to the prior year 2006, mainly due to new light oil discoveries at McLeans Creek. Galleon drilled 5 wells in McLeans Creek with an 80% success rate. The majority of this production came on in December 2007 and averaged 745 BOE/day in the month of December. Galleon plans to drill up to 8 wells in the first quarter of 2008 at McLeans Creek.

The heavy oil wells primarily at Edam contributed 4% of annual funds from operations from 15% of total production. Operating netbacks of \$8.33/BOE increased 10% compared to the prior year mainly due to a 9% increase in production compared to 2006.

Royalties

Year ended December 31	2007	2006

(\$000s)		
Crown	47,524	29,985
Freehold	1,149	1,134
GORR and other	2,913	1,781

Subtotal	51,586	32,900
ARTC and GCA	(10,033)	(9,371)

Net royalties	41,553	23,529

% of revenue	21.0	20.8
% of revenue net of ARTC and GCA	16.9	14.9

Gross royalties were 21.0% of revenues for 2007 compared to 20.8 % in 2006. By product, gross royalties were 18.8% for light oil, 23.79% for natural gas, 20.6% for heavy oil, and 26.48% for liquids. For 2006 by product, gross royalties were 13.1% for light oil, 26.1% for natural gas, 19.4% for heavy oil, and 32.7%

for liquids. Average royalties in 2007 increased as a result of price increases per BOE as well as a reduction in royalty holidays mainly in the Puskwa area compared to 2006. In 2006 the average royalty rate in Puskwa was 11.73% and in 2007 21.18%. Net royalties of 16.9% increased due to a 57% increase in net royalties which was partially offset by a 7% increase in Gas Cost Allowance.

GORR royalties for 2007 increased by 64% compared to the prior year mainly due to encumbrances from the expansion of our Dawson Montney Gas and Eaglesham areas.

In 2006 Galleon received \$500,000 of Alberta Royalty Tax credits (ARTC). For 2007 the ARTC program was discontinued.

Operating Costs

Year ended December 31	2007		
	Production %	Operating costs %	Operating costs \$/BOE
Puskwa	16	8	4.54
Dawson Montney gas	25	14	4.88
Eaglesham	13	9	5.82
Dawson	23	27	10.90
Calais	5	4	6.60
Edam and other heavy oil	15	32	21.23
B.C.	2	3	10.50
Other	1	3	20.31
	100	100	9.13

Year ended December 31	2006		
	Production %	Operating costs %	Operating costs \$/BOE
Puskwa	7	2	2.91
Dawson Montney gas	12	7	6.04
Eaglesham	3	2	(1.58)
Dawson	43	34	7.88
Calais	11	7	6.02
Edam and other heavy oil	20	42	21.93
B.C.	2	3	8.77
Other	2	3	17.04
	100	100	9.85

Operating costs were \$44.8 million or \$9.13/BOE for the year ended December 31, 2007 compared to \$33.7 million or \$9.85/BOE for the prior year. Galleon's

operating costs per barrel of oil equivalent excluding the heavy oil were \$7.01/BOE for the year and \$6.88/BOE in 2006. Costs for the heavy oil assets decreased from \$21.93/BOE in 2006 to \$21.23/BOE in 2007 mainly due to increased production levels. Operating costs in Galleon's key areas of Puskwa, Dawson Montney gas, and Eaglesham remain low and below the corporate average for 2007 due to control of the facilities in those areas.

Operating costs for Puskwa increased to \$4.54/BOE in 2007 compared to \$2.91/BOE in 2006, mainly due to the waterflood project. This project resulted in an increase in water trucking costs of \$0.30/BOE and pump rental costs of \$0.55/BOE for water injection. Other cost increases for Puskwa were minor workover and well service costs of \$0.70/BOE due to a greater percentage of pumping oil wells in 2007 compared to flowing wells in 2006. In 2008, operating costs are expected to decrease with the completion of permanent waterflood facilities. As well operating costs related to minor workovers and well servicing are expected to increase due to a larger number of pumping oil wells compared to the flowing oil wells in 2007.

Operating costs decreased to \$4.88/BOE for Dawson Montney Gas compared to \$6.04/BOE in 2006, due to control of the facilities in this area, increased production levels and increased processing revenues. In 2007, processing revenues from the facilities were \$0.77/BOE compared to \$0.49/BOE in 2006 and production of 3,406 BOE/day increased 204% compared to 1,120 BOE/day in 2006.

Eaglesham operating costs for 2007 were \$5.82/BOE compared to (\$1.58)/BOE in 2006. For 2006, processing revenues from the facilities were \$7.15/BOE, while gross operating costs were \$5.57/BOE. Net operating costs therefore resulted in a credit of \$1.58/BOE. Processing revenues in 2007 were \$1.30/BOE and gross operating costs were \$7.12/BOE. Operating costs for 2007 included trucking costs of \$1.88/BOE and \$1.29/BOE of third party processing and water disposal costs which will be eliminated in 2008 with the start up our Eaglesham oil battery.

Operating costs for the properties at Dawson of \$10.90/BOE increased compared to \$7.88/BOE in 2006, due to natural volume declines. Galleon's new discovery at McLeans Creek is a high netback oil producing property included in the Dawson area, but most of the production additions for 2007 were in the month of December 2007 and therefore did not contribute much to the operating cost per BOE for 2007.

The Eaglesham oil battery addition in the first quarter 2008, the anticipated expansion of natural gas facilities in the Dawson Montney gas to the capacity of 40 mmscfd and other planned minor expansions to existing capacity at Galleon's facilities will sufficiently accommodate planned production increases. It is therefore anticipated that production additions in the key areas will be brought on stream at rates similar to or better than those experienced in 2007. It is

anticipated that production increases in Galleon's key areas will lower the corporate average operating costs per barrel of oil equivalent.

General and Administration Expenses

Year ended December 31	2007		2006	
(\$000s)		\$/BOE		\$/BOE
Gross	12,155	2.48	9,926	2.90
Capitalized overhead	(3,775)	(0.77)	(3,592)	(1.05)
Overhead recoveries	(1,099)	(0.22)	(744)	(0.22)
	7,281	1.49	5,590	1.63

Net general and administrative (G&A) expenses of \$1.49/BOE for 2007 were lower than the previous year as a result of increases in capital and operating overhead recoveries due to increases in capital spending and operating activity. Recoveries credited to operations were \$1,098,913 and to capital were \$3,775,829 in 2007 compared to \$744,309 and \$3,592,255 respectively in 2006. An amount of \$1,035,950 was capitalized in 2007 (2006 - \$660,500) for exploration salaries. Galleon's strategy of growth through asset acquisitions and drilling has enabled it to add production without significant increases to administrative costs. While gross G&A expenses have increased 22% with the growth of the Corporation, gross G&A expenses per barrel of oil equivalent have decreased by 14%. This is indicative of the efficiencies gained through production growth.

For the year ended December 31, 2007 G&A expenses by category were: salary and employee - 54%, office - 17%, audit, engineering and legal - 8%, consulting - 7%, computers - 6%, corporate - 6% and shareholder expense - 2%. In 2006 G&A expenses by category were: salary and employee - 51%, office - 15%, corporate - 10%, audit, engineering and legal - 9%, consulting - 10%, computers - 5%.

The Corporation will be relocating office space in April 2008 to accommodate current and planned growth resulting in an increase in G&A expenses in 2008.

Interest

Interest expense of \$10.1 million for the year ended December 31, 2007 was higher compared to \$4.5 million in the prior year due to increased average debt levels. The effective interest rate was 6.16% (2006 -5.38%). As at December 31, 2007 Galleon's debt to equity ratio of 0.33 provides flexibility to finance future capital programs, but has increased from 0.32 in the prior year. Galleon monitors its debt levels in relation to equity, and as a ratio of expected annual funds from operating activities. For 2008 interest costs are expected to increase due to higher average debt levels.

Stock Based Compensation

Stock based compensation was a non-cash expense of \$8.5 million for the year compared to \$7.7 million in the prior year. The increase was due to grants of options to new employees and an increase in the fair value of new options granted. As calculated by the Black-Scholes Option Pricing Model, all other factors being equal, an increase in Galleon's share price results in a higher option fair value. During the year 1,720,000 stock options were granted at an average exercise price of \$15.51 and had fair values of between \$4.14 and \$5.62 per option.

At December 31, 2007 6,210,950 stock options were outstanding at an average exercise price of \$12.36.

Depletion, Depreciation and Accretion

Depletion and depreciation ("D&D") charges were \$100.3 million or \$20.47/BOE for the year ended December 31, 2007 compared to \$60.9 million or \$17.81/BOE in the prior year.

Reserve additions for 2007 were estimated by an independent third party qualified reserves evaluator. Capital expenditures of \$105.8 million (\$76.5 million - December 31, 2006) related to undeveloped land, seismic, and equipment under construction have been excluded from the depletion and depreciation calculation and \$110.8 million (\$95.0 million - December 31, 2006) of future development costs have been added.

Accretion expense on the Corporation's asset retirement obligation was \$1,948,696 for the year compared to \$631,000 in the prior year. The increase related to a greater asset retirement obligation which is driven by the number of wells and facilities in which Galleon has an interest.

Capital and Future Taxes

The current tax provision of \$879,358 for the year was comprised of Saskatchewan capital and resource taxes. The provision for future income taxes was \$2.7 million for the year ended December 31, 2007 compared to \$2.2 million for the prior year. The decrease in future taxes was a result of a decrease in both the federal and provincial income tax rates during the year and lower net earnings.

Galleon has estimated tax pools of \$544.6 million as at December 31, 2007.

Capital Expenditures

(\$000s)

Property & equipment balance at December 31, 2006	577,758
Additions to equipment inventory	293
Additions to property and equipment	208,344
Acquisition of property and equipment	52,082
Asset retirement obligation	4,326
Depletion and depreciation	(100,331)

Property & equipment balance at December 31, 2007	742,472

Year ended December 31	2007		2006	
(\$000s)		%		%
Land	10,789	5	31,385	11
Geological and geophysical	16,808	8	22,947	8
Drilling and completion	140,015	67	136,740	48
Plant and facilities	40,378	20	92,144	33
Other assets	354	-	132	-

Exploration and Development Expenditures	208,344	100	283,348	100

Capital expenditures during 2007 included \$52.0 million for the acquisition of oil and gas properties in the Dawson, Kakut, Shadow areas, and \$208.3 million on exploration and development expenditures. In 2007 Galleon completed its most successful drilling program, 93 wells were drilled and 83 wells (74.8 net) were cased for an 89% success rate. By key area, 15 wells were drilled at Eaglesham, 12 wells were drilled at Puskuwa, and 32 wells were drilled for Montney gas.

Land and seismic expenditures in 2007 were concentrated in the above three key areas. Management has established a capital budget of between \$200 to \$210 million for 2008 and plans to finance the program with funds from operating activities.

Liquidity and Capital Resources

Year ended December 31	2007	2006
(\$000s)		

Bank debt	163,378	122,996
Working capital deficiency	30,179	28,217
	193,557	151,213

Funding of Capital Program		
Year ended December 31	2007	2006
(\$000s)		

Issuance of shares, net of costs	88,332	168,208
Funds from operations	131,052	85,151

Change in bank debt	40,382	47,694
Change in working capital and other	(210)	9,120
	-----	-----
	259,556	310,173
	-----	-----

Capital expenditures during 2007 included \$52.0 million for the acquisition of oil and gas properties in the Dawson, Kakut, Shadow areas, and \$208.3 million on exploration and development expenditures. In 2007 Galleon completed its most successful drilling program, 93 wells were drilled and 83 wells (74.8 net) were cased for an 89% success rate. By key area, 15 wells were drilled at Eaglesham, 12 wells were drilled at Puskwa, and 32 wells were drilled for Montney gas.

Land and seismic expenditures in 2007 were concentrated in the above three key areas. Management has established a capital budget of between \$200 to \$210 million for 2008 and plans to finance the program with funds from operating activities. During the year, net proceeds of \$88.3 million from equity offerings, funds from operations of \$131.1 million, and an additional \$40.2 million in bank debt and working capital were used to fund \$259.6 million of acquisition and exploration and development expenditures.

At December 31, 2007, the Corporation has extendible revolving term credit facilities of \$220 million in place with a bank syndicate. The facilities bear interest at rates ranging from the bank's prime rate to prime plus 0.75% per annum on \$210 million and at rates ranging from the bank's prime rate plus 0.95% to prime plus 1.75% on \$10 million based on the Corporation's debt to cash flow ratio. The Corporation may also borrow at the prevailing Banker's Acceptance rate. Collateral for the facilities consists of a demand debenture for \$500 million collateralized by a first floating charge over all of the property and equipment of the Corporation. At December 31, 2007, an amount of \$163.3 million was drawn against the credit facilities (December 31, 2006 - \$123.0 million).

Subsequent to December 31, 2007 upon closing the acquisition of ExAlta Energy Inc., Galleon's extendible revolving term credit facility was increased to \$265 million comprised of a lending facility of \$250 million and an acquisition facility of \$15 million.

Summary of Quarterly Results

Quarterly Highlights	2007			
	Q4	Q3	Q2	Q1
Financial (\$000s)				
Revenues	71,339	60,156	60,734	52,974
Operating costs	(14,227)	(10,547)	(10,507)	(9,478)
General & Administrative expenses	(2,712)	(1,507)	(1,797)	(1,265)
Interest expense	(2,476)	(2,707)	(2,681)	(2,246)
Funds from operations(2)	35,483	32,566	32,834	30,169
Per share, basic(1,2)	0.56	0.54	0.55	0.52
Per share, diluted(1,2)	0.55	0.53	0.54	0.50

Earnings (loss)	(495)	1,590	3,270	3,921
Per share, basic(1)	(0.01)	0.03	0.06	0.07
Per share, diluted(1)	(0.01)	0.03	0.05	0.07
Total assets	799,359	743,932	699,112	692,749
Weighted average outstanding Class A shares-basic(1)	63,206,585	59,880,135	59,204,393	57,800,899
Weighted average outstanding Class A shares-diluted(1)	64,716,872	61,724,550	61,175,217	59,947,494

Quarterly Highlights

2006

	Q4	Q3	Q2	Q1
Financial (\$000s)				
Revenues	45,264	39,921	36,517	36,230
Operating costs	(9,651)	(9,243)	(7,716)	(7,065)
G&A	(2,670)	(692)	(1,068)	(1,160)
Interest	(1,487)	(1,202)	(1,098)	(740)
Funds from operations(2)	23,857	21,178	22,069	18,047
Per share, basic(1,2)	0.42	0.39	0.42	0.36
Per share, diluted(1,2)	0.40	0.37	0.40	0.35
Earnings	1,906	2,196	7,985	1,740
Per share, basic(1)	0.03	0.04	0.15	0.04
Per share, diluted(1)	0.03	0.04	0.15	0.03
Total assets	614,565	540,980	477,967	399,269
Weighted average outstanding Class A shares-basic(1)	56,761,415	54,854,334	52,003,462	49,661,598
Weighted average outstanding Class A shares-diluted(1)	59,234,229	57,447,555	54,838,259	52,220,178

(1) Restated to reflect a three-for-two Class A share split in June 2006.

(2) See "Non-GAAP Measurements".

Quarterly Highlights

2007

	Q4	Q3	Q2	Q1
Production				
Light oil (Bbl/d)	4,419	3,375	3,317	3,127
Heavy oil (Bbl/d)	1,746	1,949	2,247	2,081
Natural Gas (Mcf/d)	49,486	48,989	45,314	38,845
Liquids (Bbl/d)	283	237	256	206
BOE/d	14,695	13,726	13,372	11,888
Total BOE produced	1,351,986	1,262,762	1,216,855	1,069,915
Daily BOE of production per million Class A shares - basic(1)	232	229	226	206
Prices (net of transportation)				
Light oil (\$/Bbl)	83.38	78.43	70.12	63.24
Heavy oil (\$/Bbl)	37.32	40.04	35.89	36.55
Crude oil (\$/Bbl)	64.40	63.25	56.30	52.57
Natural Gas (\$/Mcf)	6.16	5.73	7.14	7.36

NGLs (\$/Bbl)	72.90	64.05	59.67	56.64
Per BOE (\$)				
Revenues	52.77	47.64	49.91	49.51
Royalties, net of ARTC & GCA	(8.55)	(8.41)	(9.04)	(7.84)
Transportation costs	(1.18)	(1.13)	(1.16)	(1.47)
Operating costs	(10.52)	(8.35)	(8.63)	(8.86)
Net	32.52	29.75	31.08	31.34
Other revenue	-	-	-	-
G&A	(2.00)	(1.19)	(1.48)	(1.18)
Interest	(1.83)	(2.14)	(2.20)	(2.10)
Capital and other taxes	0.05	(0.18)	(0.41)	(0.21)
Realized gain (loss) on financial derivative	(2.49)	(0.44)	-	0.35

Quarterly Highlights

2006

	Q4	Q3	Q2	Q1
Production				
Light oil (Bbl/d)	2,419	1,823	1,753	1,859
Heavy oil (Bbl/d)	2,100	1,984	1,705	1,580
Natural Gas (Mcf/d)	36,733	33,068	30,014	30,445
Liquids (Bbl/d)	230	102	100	93
BOE/d	10,869	9,420	8,560	8,606
Total BOE produced	999,982	866,646	778,992	774,578
Daily BOE of production per million Class A shares - basic(1)	191	172	165	173
Prices (net of transportation)				
Light oil (\$/Bbl)	63.03	75.65	75.63	65.66
Heavy oil (\$/Bbl)	31.16	47.01	42.69	24.71
Crude oil (\$/Bbl)	47.19	53.35	59.39	46.78
Natural Gas (\$/Mcf)	6.84	5.58	5.97	7.36
NGLs (\$/Bbl)	56.02	69.83	65.71	57.62
Per BOE (\$)				
Revenues	45.26	46.06	46.88	46.77
Royalties, net of ARTC & GCA	(6.02)	(7.20)	(4.34)	(10.18)
Transportation costs	(1.37)	(1.25)	(1.22)	(1.43)
Operating costs	(9.65)	(10.66)	(9.91)	(9.12)
Net	28.22	26.95	31.41	26.04
Other revenue	-	-	-	-
G&A	(2.67)	(0.80)	(1.37)	(1.50)
Interest	(1.49)	(1.39)	(1.41)	(0.95)
Capital and other taxes	(0.21)	(0.33)	(0.30)	(0.29)
Realized gain (loss) on financial derivative	-	-	-	-

GALLEON ENERGY INC.
Consolidated Balance Sheets
As at December 31

(\$000s)	2007	2006

ASSETS		
CURRENT		
Accounts receivable	35,406	24,639
Deposits and prepaid expenses	5,459	1,839
Fair value of financial derivative	-	190
	-----	-----
	40,865	26,668
Goodwill	16,022	10,139
Equipment Inventory	2,829	2,536
Property and equipment	739,643	575,222
	-----	-----
	799,359	614,565

LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	71,044	54,695
Bank loan	163,378	122,996
Fair value of financial derivatives	9,075	-
	-----	-----
	243,497	177,691
Asset retirement obligation	25,535	21,432
Future income taxes	52,299	32,287
	-----	-----
	321,331	231,410

SHAREHOLDERS' EQUITY		
Share capital	419,011	339,869
Contributed surplus	19,064	11,619
Retained earnings	39,953	31,667
	-----	-----
	478,028	383,155
	-----	-----
	799,359	614,565

GALLEON ENERGY INC
Consolidated Statements of Earnings, Comprehensive Income and
Retained Earnings
Years ended December 31
(\$000s, except per share amounts)

	2007	2006

REVENUE		
Petroleum and natural gas revenue	245,203	157,931
Royalties, net of ARTC and GCA	(41,553)	(23,529)
Other income	-	5
	-----	-----
	203,650	134,407
EXPENSES		
Operating	44,759	33,675
Transportation	6,024	4,507

INVESTING ACTIVITIES		
Additions to equipment inventory	(293)	(1,429)
Additions to oil and gas properties	(208,344)	(283,348)
Acquisition of oil and gas properties	(50,919)	(25,396)
Change in non-cash working capital	7,774	9,773
	(251,782)	(300,400)

CHANGE IN CASH	-	-
CASH, BEGINNING OF YEAR	-	-

CASH, END OF YEAR	-	-

SUPPLEMENTARY INFORMATION		
Cash interest paid	10,084	5,040
Cash taxes paid	542	1,208

Galleon is a technically oriented high growth 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 67.8 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 and completed, the plan and development of certain prospects, timing and completion of facilities, and 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.