

IMMEDIATE RELEASE – September 29, 2008

GALLEON REPORTS CONTINUED SUCCESS WITH MONTNEY AND LIGHT OIL DRILLING IN THIRD QUARTER 2008

CALGARY, ALBERTA – Galleon Energy Inc. (“Galleon”) announces continued drilling success during third quarter 2008.

Drilling highlights:

- In third quarter 2008, Galleon drilled 33 wells and cased 31 wells (29 net) for production; a success rate of 94%. Eleven wells (9.5 net) were cased for light oil and 19 wells (18.6 net) were cased for natural gas. One well (1.0 net) was cased as a water injector.
- In third quarter 2008, 6 Montney horizontal wells (100% interest) were drilled in the Eastern Montney project. Five of these wells have been completed with multi staged fractures and are on production. One well is waiting on completion.
- As previously announced, Galleon drilled an important Montney horizontal well (77% interest) in BC during Q3 2008. The well is currently in an extended test period and has flowed at approximately 370 BOE/d gross throughout a three day period.
- A significant Montney horizontal well (100% interest) was completed in the Central Montney project in July 2008. This well has been on production for 2 months and production remains stable at approximately 3.1 Mmcf/d and 20 Bbls/d of oil.
- In third quarter 2008, the light oil drilling program was successful including 6 light oil wells in the McLeans Creek area.
- Six rigs are currently drilling including two Montney horizontal targets.

Galleon is on track to achieve one of its 2008 strategic goals of growing its position in the Montney resource base. Strong economics have been proven for horizontal wells with multi staged fractures in the Eastern Montney fairway. The viability of new Montney plays in BC and in the Central Montney fairway have also been proven. Although we are in the early stages of applying relatively recent advances in horizontal completion techniques, Galleon sees wide ranging application of this multi stage fracture technology to its many projects. In addition, the strength of Galleon’s light oil portfolio has been demonstrated through consistent drilling success.

Eastern Montney Project Update

The Eastern Montney natural gas pool represents a significant resource to Galleon. This project has seen production grow to 3,987 BOE/d (22.1 Mmcf/d of natural gas and 304 Bbl/d of light oil) today from 333 BOE/d (2 Mmcf/d of natural gas) in June 2005. This is currently Galleon’s largest producing area.

The recent production growth is primarily due to horizontal drilling technology and advancement in completion methods. Nine horizontal wells are currently producing, in aggregate, 1,687 BOE/d (9.4 Mmcf/d of natural gas and 128 Bbl/d of light oil), exceeding Galleon’s expectations. The production data suggests that horizontal wells have a higher production profile (2 to 5 times better) and lower initial production decline rates than the vertical wells. The horizontal drilling technology has positively changed

the development strategy of the Eastern Montney project. Galleon intends to continue with this method of exploitation.

To date, the economics of the horizontal wells have proven to be better than the vertical wells on a rate of return and reserve optimization basis. The average cost of each horizontal well (including fracturing and tie in) is \$1.3 million compared to the average cost of \$0.8 million for each vertical well. Horizontal well payouts are expected to be less than one year based on current production rates, commodity prices, royalty rates and operating costs.

Galleon plans to drill up to 24 Montney horizontal wells in 2008, of which 10 wells have been drilled. Up to fourteen wells will be drilled in Q4 2008 by using 2 to 3 drilling rigs. There are currently 38 horizontal locations in the drilling queue and clear vision to another 50 horizontal locations in the main core under current spacing regulations. There is potential for another 200 horizontal locations within the mapped boundaries of the pool.

Currently, Galleon owns a 30 Mmcf/d gas plant (100% interest). An expansion to 33 Mmcf/d (100% interest) is planned in Q4 2008. A new 10 Mmcf/d gas plant (100% interest) is planned in Q1 2009 and scheduled to be operational in early Q2 2009. Total natural gas processing capacity will then be approximately 43 Mmcf/d in this project.

To date, Galleon has drilled over 80 vertical wells and 10 horizontal wells in the Eastern Montney project. The wells are located throughout an area covering 35 miles in length and 12 miles in width. Galleon has access to approximately 313,000 gross acres of land with Montney potential. Galleon will test at least 2 new Montney plays on the east side of the area in fourth quarter 2008.

Central Montney Project Update

Galleon is committed to growing its Montney presence in the Central Montney region with at least 5 new Montney resource plays being tested in 2008.

In July 2008, the first Montney horizontal well with multi stage fractures was drilled, completed and placed on production. The production from this well has been stable at approximately 3.1 Mmcf/d of natural gas and 20 Bbls/d of oil over the past two months. This is an important well because it confirms that the fairway has significant resource potential. This well is a key centre point for growth in the play. Three other Montney plays were tested with success in the third quarter of 2008.

Galleon has access to over 193,000 gross acres of land in the Central Montney fairway and plans to drill 2 Montney vertical wells in Q4 2008.

British Columbia Montney Project Update

In Q3 2008, Galleon employed the horizontal multi fracture technology on its BC lands. A Montney horizontal well (77% interest) was drilled and completed and is currently testing in an extended flow period. The well has tested at a stabilized rate of 200 BOE/d of 42° API crude oil and 1 Mmcf/d of natural gas throughout a three day period. The total cost of the well was approximately \$2.25 million. Payout of the well is expected to be less

than one year based on current production rates, commodity prices, royalty rates and operating costs.

An offset well to this well is currently drilling and two more wells are planned prior to year end. The pool has been clearly defined on 3D seismic and measures approximately 6 miles in length. Galleon currently has access to over 5,000 gross acres (68% interest) of land on the trend. Up to 12 horizontal wells are planned under the current 160 acre spacing. With down spacing, an additional 12 horizontal wells may be drilled. Galleon will also be testing 2 other Montney plays in BC over the next three months.

Galleon is committed to developing its resource plays in BC in a program designed to test at least 4 additional resource fairways. Galleon has access to approximately 50,847 gross acres (average 69% interest) of land in BC.

Light Oil Project Update

Galleon drilled 6 successful light oil wells at McLeans Creek in Q3 2008. Galleon plans to drill 2 more oil targets in Q4 2008. On existing seismic, up to 20 locations have been identified. A new 275 sq km 3D seismic program is currently being acquired which is expected to provide drilling opportunities for a number of years to come.

At Normandville/Kimiwan/Culp, 4 exploration wells targeting light oil were drilled. One well was completed successfully, one well is waiting on completion and two wells were unsuccessful in the target zone but were cased for up-hole zones. Two wells will be drilled for oil targets in these areas in Q4 2008.

At Puskwa, the focus has been on increasing water injection capacity so as to maintain a one to one injection to production ratio. One well was drilled for this purpose in Q3 2008. Wells such as this provide a very low risk method of increasing production by allowing an incremental increase of oil production for every barrel of water injected. In Q3 2008, the gas plant and oil battery were modified to increase liquids recovery from the natural gas produced and to make the waterflood operation more efficient. Galleon will continue to pursue optimization at Puskwa in Q4 2008. No wells are planned but work is continuing on applications for an expanded water flood and down spacing through the regulatory process.

At Eaglesham, 3 Wabamun wells are planned in Q4 2008. Two exploratory light oil targets will also be drilled at Kakut and additional drilling will occur on confidential plays in Q4 2008.

New Project Area

In third quarter 2008, six wells were drilled in the new growth area of Kakut. Four wells were cased for lower Cretaceous gas production, one well is currently being tested and one well was abandoned after encountering a deep over pressured gas zone. This well was cemented prior to running casing but will be redrilled as the well confirmed a high deliverability gas zone. The Kakut drilling program was focused on confirming threshold reserves for the expansion of Galleon's natural gas plant in the area. These reserves have been delineated and the expansion of the Kakut gas plant to 15 Mmcf/d is underway and scheduled for completion in November 2008. Currently, net production

capacity of approximately 430 BOE/d is behind pipe. One deep well with multizone potential is drilling at Kakut. One additional medium depth well is planned for Q4 2008.

Production update

Production for the third quarter of 2008 is expected to average between 17,100 BOE/d and 17,500 BOE/d based on field report estimates which compares to 13,726 BOE/d in Q3 2007 and 16,191 BOE/d in Q2 2008. The third quarter 2008 average production was impacted by longer down time for the gas plant and oil battery modifications at Puskwa and an unscheduled gathering system shutdown at third party facilities at Alexis and St. Anne. Fourth quarter 2008 production is targeted to average between 18,800 BOE/d and 19,600 BOE/d. The main drivers of production growth in Q4 2008 will be the Eastern Montney, Central Montney, Kakut and light oil (Eaglesham and McLeans Creek) projects.

Capital program

In the fourth quarter of 2008, Galleon plans to drill between 40 and 45 wells. The drilling program is focused on natural gas and light oil.

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ADVISORY: Certain information regarding Galleon in this news release including management's assessment of future plans and operations, number, type and timing of wells to be drilled, completed and tied-in, the plan and development of certain prospects, production estimates, expected production growth, expected timing of payout of wells, planned facilities expansion and the timing thereof, expected capital expenditures and the method of funding 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, 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.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Galleon believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Galleon can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Galleon operates; the timely receipt of any required regulatory approvals; the ability of Galleon to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which Galleon has an interest in to operate the field in a safe, efficient and effective manner; the ability of Galleon to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion; the ability of Galleon to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Galleon operates; and the ability of Galleon to successfully market its oil and natural gas products.

Readers are cautioned that the foregoing list of factors is not exhaustive. 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), or 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.