

FOR IMMEDIATE RELEASE – August 13, 2009

GALLEON ANNOUNCES Q2 2009 FINANCIAL AND OPERATIONAL RESULTS

CALGARY, ALBERTA – Galleon Energy Inc. (TSX: GO) ("**Galleon**" or the "Corporation") announces second quarter 2009 financial and operational results. Additional information including unaudited consolidated financial statements, notes and management's discussion and analysis may be viewed at www.galleonenergy.com or www.SEDAR.com.

SECOND QUARTER 2009 HIGHLIGHTS

- Drilled and cased for production 7 (6.8 net) wells in Q2 2009: 3 (3 net) Eastern Montney gas wells, 2 (1.8 net) Central Montney gas wells, 1 (1.0 net) light oil resource well and 1 (1.0 net) multi zone shallow gas well;
- Revenues (including realized net gains of \$3.8 million from financial derivatives) of \$54.1 million and funds from operations of \$29.6 million (\$0.39/share) were generated from average production of 16,076 BOE/d (64% gas) in Q2 2009;
- Operating expenses averaged \$9.43/BOE in Q2 2009, a decrease of 26% from Q2 2008 and a 12% decrease from Q1 2009. Operating expenses from Galleon's four major properties, comprising 68% of total production, have averaged \$5.85/BOE in 2009;
- In Q2 2009, an operating netback of \$24.11/BOE (including \$2.58/BOE of realized net gains from financial derivatives) was recorded. This netback continues to be strong as crude oil and NGL production comprises 36% of total production;
- A loss of \$22.0 million was recorded in Q2 2009 which includes an unrealized loss of \$25.0 million relating to crude oil financial derivatives marked to market at June 30, 2009;
- In Q2 2009, exploration and development capital expenditures of \$19.6 million (including \$7.8 million in plant and facility expenditures) were incurred and the disposition of \$4.6 million of minor properties was completed;
- On June 23, 2009, an equity financing closed for gross proceeds of \$36 million through the issuance of 7,500,000 Class A shares;
- At June 30, 2009, net debt was \$233.2 million comprised of \$235.8 million in bank debt and positive working capital of \$2.6 million. Credit facilities of \$310 million are available to the Corporation.

Eastern Montney

In the second quarter of 2009, Galleon successfully drilled three (100% interest) Eastern Montney horizontal multi-fractured wells. Results have met Galleon's expectations. All three wells were drilled from the same surface pad thereby reducing tie in costs. Galleon has slowed the pace of the drilling program in this area because of low gas prices, but this program will be accelerated when gas prices increase. Galleon plans to continue utilizing pad drilling as the pool continues to be developed. Galleon has identified 350 horizontal drilling locations on over 200 sections of owned land within the delineated Eastern Montney fairway.

In Q2 2009, Galleon completed an optimization study of the Eastern Montney gas gathering system. A new booster compressor is planned to be installed to lower line pressure and recover some of the gas backed out by the high pressure horizontal wells. This project is scheduled for completion at the beginning of Q4 2009 subject to regulatory approvals. Galleon continues to view this play as being one of the most economic gas projects in the Western Canadian basin.

The first horizontal well 02/03-21 (100% interest) (drilled in Q1 2008 and on stream during Q2 2008) has produced approximately 0.6 Bcf in the last 13 months. Current production is approximately 0.8 MMcf/d excluding oil and NGLs. On average per well, the Eastern Montney natural gas wells have produced approximately 15 Bbls of oil and NGLs per 1 Mmcf.

Central Montney

Production in the Central Montney project #1 increased to a record level of 2,339 BOE/d net in the second quarter of 2009. This production level was achieved from wells on production at the end of Q1 2009. Currently a plant expansion is in progress in this project and is scheduled for completion at the end of the third quarter 2009.

In Q2 2009, one light oil well was drilled with encouraging results in the Central Montney project #1. Two successful natural gas wells were drilled in the Central Montney project #2 in Q2 2009.

Light oil

In 2009, Galleon has identified two new light oil projects:

1. The initial horizontal light oil well (100% interest) in the Nordegg project is currently producing over 100 BOE/d net of oil and associated gas. To date, this key well has produced over 94,500 barrels of oil and 0.45 Bcf of natural gas. Prior to the end of 2009, Galleon plans to delineate the size of the pool by drilling up to 4 wells.
2. The new Doig light oil resource project has been tested with two successful wells drilled to date. The first horizontal well has been producing for approximately 8 months. This well has produced over 10,000 barrels of oil and is currently producing approximately 60 BOE/d net. The second horizontal well is located approximately 3.2 km from the first well. It has been recently completed and is producing at a similar rate to the first well. Up to 3 wells are planned prior to the end of 2009 to further delineate the size of the pool. Galleon currently has access to over 10 sections of land in this project.

2009 GUIDANCE

Galleon plans to direct a large portion of the capital expenditure program in Q3 2009 towards optimizing infrastructure and increasing facility capacity. The plant expansion in Central Montney project #1 has received necessary regulatory approvals with completion expected at the end of the third quarter of 2009. Drilling projects are anticipated to receive the largest portion of the Q4 2009 and Q1 2010 capital budget in order to take advantage of the benefits from the recently announced Alberta royalty incentive programs and to fill the expanded facility capacity.

This approach is both financially prudent and positions Galleon to quickly ramp up production as commodity prices recover.

At the end of the third quarter 2009, the Central Montney #1 natural gas plant is expected to be temporarily shut in for up to 3 weeks due to the plant capacity expansion from 14 MMcf/d to 28 MMcf/d. Once fully operational in early October 2009, it is expected that an additional net 1,200 BOE/d production will be processed through the expanded plant.

In third quarter 2009, the Eastern Montney gas gathering system will be optimized to lower line pressures and recover some of the gas backed out by the high pressure horizontal wells. Incremental production is expected. However, during this process, production will be temporarily reduced for a period of approximately 1-2 weeks.

Based on current commodity prices, Galleon plans to drill up to 22 wells in the second half of 2009 of which 60% will target light oil. One vertical well and up to 6 horizontal wells are planned in the Eastern Montney project to capture new reserves and to further advance the developed area of the project. Up to 3 wells are planned in the Central Montney #2 project to further advance the developed area of the project. Up to 4 horizontal Nordegg oil wells are planned to increase production and to prove up reserves in this new project. Up to 3 wells are planned in the Doig light oil resource project. One exploration well is planned in B.C. targeting light oil. The remaining 4 wells will be development locations on existing Galleon projects.

Production in 2009 is expected to average approximately 17,000 BOE/d.

FOR FURTHER INFORMATION SEE www.galleonenergy.com
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Steve Sugianto, President and Chief Executive Officer, Glenn R. Carley, Executive Chairman, Shivon Crabtree, Vice President and Chief Financial Officer.

Forward-Looking Statements and Advisories

Statements herein that are not historical facts may be considered forward looking statements including management's assessment of future plans and operations, timing of facilities expansion and the effects thereof, expected production rates, drilling plans and the timing thereof, capital expenditures, the timing thereof and the method of funding thereof. These forward-looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Corporation's objectives, goals or future plans are forward-looking statements. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties 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, 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, Galleon's actual results may differ materially from those expressed in, or implied by, 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 and assumptions 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.

BOEs and Netbacks

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.

Operating netbacks/BOE excludes Gas Cost Allowance and are calculated by subtracting royalties and operating costs from revenues.

Non-GAAP Measurements

This news release 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 this news release. 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.