

FOR IMMEDIATE RELEASE – November 12, 2009

GALLEON ANNOUNCES Q3 2009 FINANCIAL AND OPERATIONAL RESULTS

CALGARY, ALBERTA – Galleon Energy Inc. (TSX: GO) ("Galleon" or the "Corporation") announces third quarter 2009 financial and operational results. Additional information including unaudited consolidated financial statements for the nine months ended September 30, 2009 and related management's discussion and analysis may be viewed at www.galleonenergy.com or www.SEDAR.com.

THIRD QUARTER 2009 HIGHLIGHTS

- Drilled 10 (9.3 net) wells in Q3 2009: 3 (3.0 net) oil wells, 6 (5.7 net) natural gas wells, and 1 (0.6 net) well drilled and abandoned;
- Revenues (including realized net gains of \$0.7 million from financial derivatives) of \$50.2 million and funds from operations of \$18.8 million (\$0.23/share) were generated from average production of 15,216 BOE/d (62% gas) in Q3 2009;
- Operating expenses averaged \$9.32/BOE in Q3 2009, a decrease of 22% from Q3 2008. Operating expenses from Galleon's four major properties, comprising 68% of total production, have averaged \$5.74/BOE in 2009;
- In Q3 2009, an operating netback of \$18.03/BOE (including \$0.50/BOE of realized net gains from financial derivatives) was recorded. This netback continues to be strong as crude oil and NGL production comprises 38% of total production;
- A loss of \$1.8 million was recorded in Q3 2009 which includes an unrealized gain of \$13.3 million relating to financial derivatives marked to market at September 30, 2009;
- In Q3 2009, exploration and development capital expenditures of \$30 million (including \$12.8 million in plant and facility expenditures) were incurred;
- At September 30, 2009, net debt was \$242.1 million comprised of \$230.8 million in bank debt and a working capital deficiency of \$11.3 million. Credit facilities of \$310 million are available to the Corporation.

In 2009 low commodity prices have limited production growth due to lower cash flow available for investment. The capital budget has been primarily funded from cash flow. Available capital has been directed toward advancing the Montney and Doig resource projects. The 2009 capital expenditures have focused on defining the size of the resource bases, expanding and optimizing facilities for future growth, and improving the technology for unlocking the resource bases. Galleon's Montney and Doig projects are advancing towards the large scale development phase which typically delivers consistent production additions and reserve growth.

Doig Light Oil Resource Project Update

Over the last 12 months, Galleon has successfully proven a new light (39° API gravity) sweet resource oil project. This project targets the Doig formation. The key to success has been the application of horizontal multi-fracture drilling to a low permeability reservoir historically known to be oil charged. This is analogous to the development of the Bakken and Montney

resource plays. To date, there are about 40 vertical wells which define the Doig resource fairway. These vertical wells support the potential for low risk, repeatable horizontal drilling.

Currently, Galleon has 22 sections (approximately 70% working interest) within the mapped Doig resource fairway. To date, Galleon has drilled three horizontal wells with multi-fracture stimulation into the zone. The first horizontal well had a 400 meter lateral. This well has produced over 12,000 barrels of oil over the last ten months and is currently producing approximately 50 BOE/d. The second horizontal well also had a 400 meter lateral, was drilled at the down dip edge of the pool and has produced at a rate of up to 35 BOE/d. The third horizontal well had a 900 meter lateral and an 8-stage fracture completion. This well has been on stream producing on average 161 BOE/d for the last two months.

The oil being produced from these wells is high quality 39° API light sweet crude with a high net back of over \$50/BOE CDN at \$75/Bbl CDN oil price. The project has a high recycle ratio. The total well cost (drill, complete, fracture, equip and tie-in) with a 900 meter lateral was \$1.7 million. The payout period for this type of well at an oil price of \$75/Bbl CDN is 1.1 years. This compares favorably with the Cardium and Bakken horizontal well project economics.

Although this project is in the early stage of its development, Galleon intends to accelerate the drilling program by drilling up to four horizontal wells in Q4 2009 to gather additional production data. With successful drilling results, Galleon plans to drill up to 20 wells in 2010. The Doig formation lends itself to down spacing to eight wells per section due to its tight nature. As such, Galleon sees the potential for over 100 risked drilling locations on existing owned lands over the next four to five years.

Central Montney Project # 1 Update

In late Q3 2009, Galleon successfully completed the plant expansion from 14 Mmcf/d to 28 Mmcf/d on budget and on schedule. Currently, Galleon has increased its net production from the area to over 3,000 BOE/d from the 200 BOE/d level in Q2 2008. The dramatic growth of production has come from successful Montney drilling and is consistent with a large gas resource. This is also supported by volumetric and pressure data. Galleon plans to continue to grow its production to 4,000 BOE/d in this project over the next 12 months by drilling 2 to 3 wells. This project is expected to generate strong cash flow in 2010.

Galleon has seen operating costs for the project drop from \$8.92/BOE in Q3 2008 to \$3.09/BOE in Q3 2009. This dramatic drop in operating costs has been driven by increasing production volume.

To date, there are six producing Montney vertical wells in the project. The typical vertical well has historically produced at rates averaging 3.0 Mmcf/d during the first year. The economics of this project are robust and the average well is expected to pay out in less than 1 year based on \$5.50/Mcf. Based on current service costs, the total well cost is approximately \$1.2 million on average including drilling, completion, equipping and tie in costs. The wells are relatively inexpensive because they are shallow (1400 meters) and generally require only a 3 tonne

fracture. At \$5.50/Mcf and \$75/Bbl CDN, this project has a high recycle ratio and netbacks of over \$20/BOE due to a high oil and NGL content of 20 Bbl/Mmcf.

Galleon is currently using its extensive 3D seismic and key lead wells to develop strong exploration locations that target similar Montney plays on new trends. These exploration locations will be layered into the drilling budget throughout 2010.

Eastern Montney Update

Eastern Montney drilling continued to be curtailed in Q3 2009 due to low natural gas prices and limited capital. Only 2 eastern Montney horizontal wells were drilled in the third quarter 2009.

Galleon has made good progress in reducing the total well cost in the project by saving approximately \$0.3 million per well. This cost saving has been achieved by faster drilling from the original 12 days to 8 days and lower service costs. During Q3 2009, operating costs for the project have averaged \$5.87/BOE.

Since March 2008, Galleon has drilled 36 horizontal wells with multi-stage fracture stimulation. The production from these wells can be classified into three cases (low, expected and high). The strength of this project is that even the “low” case wells payout within 2.2 years based on \$5.50/Mcf CDN. The “expected” and “high” cases are estimated to payout within 1.4 years and 0.5 years respectively. Based on current service costs, the total cost (drilling, completion, fracturing, equipping and tie-in) is now under \$1.3 million per well on average. The wells are less expensive due to the shallow depth of 1,000 meters and the small fractures that are required. At \$5.50/Mcf and \$75/Bbl CDN, the project has a high recycle ratio and average netbacks of over \$20/BOE due to high oil and NGL content of 15 Bbl/Mmcf.

In 2010, Galleon plans to drill up to 40 horizontal wells compared to 15 horizontal wells planned in the 2009 drilling program. This program may be expanded if natural gas prices increase. To date, Galleon has a large drilling inventory of approximately 400 locations. As production from this area grows, additional production facilities will be required.

Nordegg Update

The Nordegg formation is a play that represents significant medium gravity oil potential. Over 20 vertical wells have been drilled and have defined the pool. One 250 meter open hole horizontal well was drilled into the Nordegg zone in 2005. To date, this well has produced approximately 110,000 barrels of oil and 0.46 Bcf of natural gas. It has produced consistently at rates of 100 Bbl/d and 250 Mcf/d since October 2007.

Galleon drilled one 500 meter Nordegg open hole horizontal well in Q3 2009. Unfortunately completion challenges were experienced when a portion of the open hole collapsed. A liner was run in the well in Q4 2009 and oil has been produced from the well but at rates which are lower than expected. As such, additional work is planned as budget and weather permits. A second open hole horizontal well was drilled in Q4 2009 and is currently being completed. With current

total well costs of approximately \$1 million and based on expected results, the economics for this project are strong.

Puskwa Update

Puskwa remains a robust light oil project and one that Galleon is committed to. In 2009 Galleon has focused on optimizing the waterflood performance by converting one oil producer into a water injector. In Q3 2009, Galleon has drilled one producer and will follow with a second in Q4 2009. In Q1 2010, Galleon plans to drill a high impact exploration well.

Emerging Plays

In the Senex/Sawn Slave Point project, up to two horizontal multi-fracture laterals are planned to be drilled into the Slave Point formation and up to two vertical wells are planned to be drilled to the Keg River formation. The horizontal wells are estimated to each cost approximately \$2 million to drill and complete. Analog wells have produced at initial rates of approximately 160 BOE/d. Galleon currently has access to 63 sections (approximately 90% interest) of land with Slave Point oil potential.

Up to three horizontal multi-fracture wells targeting Montney oil are planned to be drilled in the North Peace River Arch area. The cost to drill and complete these wells is expected to be less than \$1.3 million each. Analog wells have produced at initial rates approximately 120 BOE/d. Galleon currently has access to 30 sections (approximately 65% interest) of land with Montney oil potential.

In Q1 2010, Galleon also intends to test Montney resource oil in the Two Rivers area of BC. Galleon plans to recomplete a Montney zone that has demonstrated the potential for 40° API Montney oil. Pending successful completion, Galleon may follow up with the drilling of a horizontal well with multi-fracture stimulation. Galleon has access to 15 sections (approximately 70% interest) of land where vertical well control has confirmed the presence of the Montney oil zone.

Outlook

Despite volatile commodity prices in 2009, Galleon remains optimistic towards its future opportunities. To date, Galleon has captured several large resource projects. The economic viability of converting its Eastern and Central Montney natural gas and Doig light oil resource projects to grow its production base in 2010 and beyond has been confirmed. Galleon has assembled a large drilling inventory of over 500 development locations in the Eastern Montney natural gas, Doig and Puskwa light oil resource projects. Galleon continues to build inventories of new light oil resource projects, including those located in Two Rivers, BC, northern Peace River Arch, Senex and Central Montney, for future production and resource growth.

Galleon's board of directors has approved a 2010 capital expenditure budget of \$160 million. This capital will be directed primarily toward the expansion of Eastern Montney natural gas, Puskwa Beaverhill Lake light oil and Doig light oil resource projects. Funding of the 2010

capital program is expected to be financed from internal cash flow, available bank credit facilities and minor asset sales. Production in 2010 is expected to average between 17,000 and 17,500 BOE/d (37% oil and liquids and 63% natural gas). Production in 2009 is expected to average between 16,000 and 16,350 BOE/d. To date in Q4 2009, Galleon has been affected by poor weather conditions which are similar to conditions experienced during spring break. These conditions have prevented and/or caused a delay in key drilling, completion and tie-in operations. Also, delays in pipeline and drilling operations have been caused by the suspension of EUB approvals relating to sour licenses. These two challenges have resulted in lower than expected production averages in Q4 2009. Galleon has factored the delayed activities into the Q1 2010 capital budget.

A global recession starting in late 2007/early 2008 is showing some key signs of recovery such that a global economic recovery may be seen in 2010. The global recovery is expected to create a stronger demand for oil. Greater industrial demand in the United States should create higher consumption of natural gas. Therefore, Galleon is optimistic about higher commodity prices in 2010 as compared to 2009.

Galleon has used average commodity price assumptions of \$75/Bbl USD WTI for oil and \$6.25/GJ CDN for natural gas in the 2010 corporate budget. A foreign exchange rate of \$0.95 has been used. In 2009, commodity prices received have averaged \$60/Bbl USD WTI for oil and \$3.75/GJ CDN for natural gas.

Galleon estimates 2010 funds from operations to be approximately \$153 million based on the Corporation's budget assumptions, current hedges in place and production expectations. Commodity price changes and variances in production estimates may impact the available funds from operations. Please refer to the advisory regarding forward looking statements.

Galleon plans to drill between 70 and 80 wells including up to 40 horizontal wells in the Eastern Montney project and up to 20 horizontal wells in the Doig light oil resource project. Galleon continues to pursue emerging plays that focus on oil and have the potential for significant size. Q1 2010 plans include drilling activity on 3 light oil resource plays. Galleon continues to evaluate new acquisition opportunities to complement its existing core areas. Any acquisitions would be incremental to the planned 2010 budget.

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, expected production rates, drilling plans and the timing and estimated costs thereof, expected production growth and cash flow generated in certain areas, expected payout of certain wells production estimates, timing of recovery from global recession and the causes thereof and the effect on commodity prices, capital expenditures, the timing thereof and method of funding thereof and estimated 2010 funds from operations including budgeted assumptions in respect 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. Included herein is an estimate of Galleon's funds flow from operations for 2010. Such financial outlook was approved by management of the Corporation on November 12, 2009 and is included herein to provide an assessment of the ability of the Corporation to generate funds from its operations and thus the funds that will be available to fund its capital program and other expenditures. Readers are cautioned that the information contained in the financial outlook may not be appropriate for other purposes.

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; service costs and the ability to obtain required services; 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 and Analogous

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.

The source of information on analog wells was obtained from current publicly available information. The Corporation is unable to confirm whether this information was prepared by a qualified reserve evaluator or auditor or in accordance with the COGE handbook.

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.