



GALLEON ENERGY

GALLEON ENERGY INC. ANNOUNCES REVIEW OF STRATEGIC ALTERNATIVES TO ENHANCE SHAREHOLDER VALUE AND REPORTS 2009 FINANCIAL RESULTS

FOR IMMEDIATE RELEASE – March 11, 2010

CALGARY, ALBERTA – Galleon Energy Inc. ("Galleon" or the "Corporation") announces that, after a review of the extensive depth of its 1,000 well prospect inventory, the spending required to advance these projects and its cost of capital, among other matters, its board of directors has initiated a process to identify and consider strategic alternatives with a view to enhancing shareholder value. Strategic alternatives may include, but are not limited to, sale of the corporation, merger or other business combination, a sale of a material portion of Galleon's assets, farmin or farmout or acquisition, among other alternatives.

Galleon continues to trade at a substantial discount to its net asset value despite having a major land position in the heart of the prolific Peace River area of northwest Alberta, ample resource play drilling opportunities for light oil and Montney gas and ownership of extensive gathering and processing infrastructure. The board of directors has determined that it is an appropriate time to assess strategic options.

The board of directors is in the process of formally retaining GMP Securities L.P., Cormark Securities Inc. and Macquarie Capital Markets Canada Ltd., as financial advisors to assist it in this process. The Corporation anticipates the opening of a data room in early April 2010. Galleon does not intend to disclose developments with respect to the strategic review process until the board of directors have approved a definitive transaction or strategic option, unless otherwise determined or required by law. There are no guarantees that the process will result in a transaction or, if a transaction is entered into, as to its terms or timing.

Mr. Steve Sugianto, President and Chief Executive Officer will host a conference call on Thursday, March 11, 2010, at 9:00 AM Mountain time (11:00 AM Eastern time).

To join in the conference call, please call the conference call operator at: 1-800-446-4472 (North America) or 1-416-340-8410 (outside of North America) prior to the start time and ask for the "Galleon Energy Inc. Conference Call."

2009 Performance

- Galleon's net asset value per share at December 31, 2009 is estimated at \$12.45 per basic share based solely on a third party engineering evaluation (utilizing a 10% discount rate on a pre-tax basis) and a third party land evaluation. Actual net asset value could vary substantially;
- At December 31, 2009, net present value of estimated future net revenue before tax from gross proved plus probable reserves based on forecast prices and costs discounted at 10% was \$1.2 billion based on an independent evaluation prepared by DeGolyer and MacNaughton Canada Limited. A news release issued by the Corporation on February 25, 2010 contains additional information on reserves;
- Undeveloped landholdings at December 31, 2009 were 694,466 net acres with an estimated value of \$76.8 million based upon an independent evaluation prepared by Seaton-Jordan & Associates Ltd.;
- Gross proved plus probable reserves grew by 5% to 84.6 million BOE (50% oil and NGLs);
- Light oil and NGLs accounted for over 90% of the year over year increase in gross proved plus probable oil and NGLs reserves;
- A reserve life index of 15.8 years based on gross proved plus probable reserves and average Q4 2009 production;
- 2009 average production was replaced 1.7 times based on gross proved plus probable reserves;
- 44 gross wells were drilled resulting in 27 (25.1 net) natural gas wells, 12 (11.8 net) light oil wells, and 2 (1.7 net) heavy oil wells; a success rate of 93%.

2009 Financial Highlights

- Gross revenues of \$213.1 million and funds from operations of \$97.4 million were generated from average production of 15,976 BOE/d (64% gas);
- Operating expenses averaged \$9.73/BOE, a 19% decrease from 2008. Operating expenses on Galleon's four major properties, comprising 68% of total production, averaged \$5.86/BOE in 2009;
- A net loss of \$34.6 million was recorded, which included a \$10.8 million unrealized loss on financial derivatives marked to market at December 31, 2009;
- Investment in exploration and development activities was \$106.1 million;

- Net debt fell 20% to \$226.9 million at December 31, 2009 from \$282.4 million at December 31, 2008;
- Equity proceeds of \$36.0 million were received in June 2009 from the issuance of 7.5 million shares at \$4.80 per share;
- Equity proceeds of \$17.2 million were received in November 2009 from the issuance of 2.2 million flow-through shares at \$7.80 per share.

Operations Update

To date in Q1 2010, 3 (3.0 net) Kakut Doig light oil wells, 5 (4.9 net) Eastern Montney horizontal wells, 1 (1.0 net) Puskwa Beaverhill Lake well, and 12 (10.9 net) wells in other areas were drilled. 3 wells are currently drilling. It is expected that 24 wells will be drilled in aggregate in Q1 2010.

Current production based on field report estimates is approximately 15,700 BOE/d with in excess of 1,000 BOE/d of tested production behind pipe.

Kakut Doig light oil resource project

- During 2009, Galleon discovered a large light oil (39 degrees API gravity) resource play in the Doig formation at Kakut. This play has been well defined with over 40 vertical wells encountering the Doig zone. To date, Galleon has drilled 9 (100% interest) successful horizontal wells in this play.
- The Doig formation has similar reservoir characteristics, depth, permeability, porosity, net pay and API gravity, to those of the Bakken and Cardium reservoirs.
- Galleon has assembled 53 prospective sections of land on the play with an average 83% working interest and has increased the drilling inventory to over 200 locations based on 4 wells per section.

Eastern Montney natural gas resource project

- The Eastern Montney continues to be a core property for Galleon. This property provides a solid base of production in addition to a platform for future production and reserve growth.
- To date, Galleon has drilled 45 horizontal wells in this project. 38 of these wells are currently on production. Galleon has access to over 200 sections (average interest 90%) of prospective land in the delineated Eastern Montney fairway which is approximately 35 miles long by 10 miles wide.
- Approximately 400 potential drilling locations have been identified within the mapped area.

- Galleon owns a natural gas plant with capacity of 30 Mmcf/d.

Outlook

The strategic review process was initiated to review alternatives to enhance value for shareholders. The high cost of capital due to a stock price well below net asset value has limited the speed Galleon can develop and enhance its current assets. While a significant producing and exploration company has been created, continued access to capital markets at a competitive cost is required to realize value in a timely manner on captured opportunities.

Galleon's initial public offering was in October 2003 with an equity issuance of \$10.25 million, and over the last six years, we have assembled in excess of 1 million gross acres of land, a drilling inventory of 1,000 locations primarily located in the Peace River area of Alberta. Proven plus probable reserves of 84.6 million BOE, with a reserve life of 15.8 years based on Q4 2009 production, have been booked. Owned facilities with capacity of approximately 150 Mmcf/d and 35,000 BOE/d have been built. Large resource plays, the Doig and the Montney, have been captured.

Production levels in the first years grew through exploration and conventional assets. Approximately 80% of this production growth was delivered through the drilling program. The transition to resource play assets, having low decline, large size, predictable, multi-year drilling, is in progress.

Now we have reached a fork in the road and may elect to move the Corporation's high quality asset base over to a company which is better positioned to realize on them, we may pursue another type of transaction or we may go forward as a stand alone vehicle.

GALLEON ENERGY INC.
Consolidated Balance Sheets

As at December 31
(\$000s)

2009 2008

ASSETS

CURRENT

Accounts receivable	41,270	54,864
Deposits and prepaid expenses	6,190	6,661
Future income taxes	2,884	-
Fair value of financial derivatives	4,241	1,237

54,585 62,762

Goodwill	34,891	34,891
Equipment inventory	6,116	12,200
Property and equipment	1,041,140	1,071,150

1,136,732 1,181,003

LIABILITIES

CURRENT

Accounts payable and accrued liabilities	55,531	91,305
Capital leases	1,545	2,110
Bank loan	217,243	249,015
Fair value of financial derivatives	13,789	-

288,108 342,430

Asset retirement obligation	41,499	39,905
Capital leases	-	1,541
Future income taxes	94,262	107,603

423,869 491,479

SHAREHOLDERS' EQUITY

Share capital	599,334	547,298
Contributed surplus	28,884	23,009
Retained earnings	84,645	119,217

712,863 689,524

1,136,732 1,181,003

GALLEON ENERGY INC.

Consolidated Statements of Earnings (Loss), Comprehensive Income (Loss) and Retained Earnings

(\$000s, except per share amounts)	Year ended December 31	
	2009	2008
REVENUE		
Petroleum and natural gas revenue	213,144	418,233
Royalties, net of GCA	(32,712)	(71,122)
Realized gain on financial derivative	6,651	3,621
Unrealized gain (loss) on financial derivative	(10,784)	10,311
Gain on gas contract	-	5,340
Other income	752	438
	177,051	366,821
EXPENSES		
Operating	56,714	75,807
Transportation	8,165	8,537
General and administration	15,911	13,326
Interest	9,226	11,138
Stock-based compensation	6,114	7,670
Accretion	2,651	2,253
Depletion and depreciation	127,930	137,157
	226,711	255,888
Earnings (loss) before taxes	(49,660)	110,933
Income taxes		
Capital and other taxes	426	1,064
Future income taxes (recovery)	(15,514)	30,605
	(15,088)	31,669
NET EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS)	(34,572)	79,264
RETAINED EARNINGS, BEGINNING OF PERIOD	119,217	39,953
RETAINED EARNINGS, END OF PERIOD	84,645	119,217
NET EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE		
Basic	(0.43)	1.11
Diluted	(0.43)	1.10
Weighted average Class A shares - basic	79,656,109	71,105,806
- diluted	79,656,109	72,128,065

GALLEON ENERGY INC.
Consolidated Statements of Cash Flows

Year ended December 31
2009 2008

(\$000s)

Cash provided by (used in):

OPERATING ACTIVITIES

Net earnings (loss)	(34,572)	79,264
Items not requiring cash:		
Future income taxes (recovery)	(15,514)	30,605
Depletion and depreciation	127,930	137,157
Accretion	2,651	2,253
Stock-based compensation	6,114	7,670
Unrealized loss (gain) on financial derivative	10,784	(10,311)
Gain on gas contract	-	(5,340)
Abandonment costs	(1,281)	(2,385)
Change in non-cash working capital	11,615	(10,837)

107,727 228,076

FINANCING ACTIVITIES

Issue of common shares	53,855	11,825
Repurchase of common shares	(32)	-
Share issue costs	(2,737)	(181)
Capital lease payments	(2,106)	(2,034)
Working capital assumed on acquisition of ExAlta	-	(44,966)
Working capital assumed on acquisition of Adamant	-	8,308
Bank loan (repayment)	(31,772)	85,637

17,208 58,589

INVESTING ACTIVITIES

(Additions to) disposal of equipment inventory	6,033	(8,073)
Additions to oil and gas properties	(106,095)	(273,598)
Disposition (acquisition) of oil and gas properties	8,451	(17,541)
Change in non-cash working capital	(33,324)	12,547

(124,935) (286,665)

CHANGE IN CASH

- -

CASH, BEGINNING AND END OF PERIOD

- -

SUPPLEMENTARY INFORMATION

Cash interest paid	9,522	10,890
Cash taxes paid	1,005	811

Annual Information (\$000s)	2009	2008	2007
Revenues	213,144	418,233	245,203
Funds from Operations(1)	97,393	241,298	131,052
Per share, basic(1)	1.22	3.39	2.18
Per share, diluted(1)	1.22	3.35	2.12
Net Earnings (Loss)	(34,572)	79,264	8,286
Per share, basic	(0.43)	1.11	0.14
Per share, diluted	(0.43)	1.10	0.13
Total Assets	1,136,732	1,181,003	799,359
Net debt	226,859	282,446	193,557
Bank debt	217,243	249,015	163,378
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. See "Advisories"

Results of Operations

Year ended December 31	2009		2008	
(\$000s)	5,831,086	BOE \$/BOE	6,300,970	BOE \$/BOE
Revenues	213,144	36.55	418,233	66.38
Gain on financial derivative	6,651	1.14	3,621	0.57
Other income	752	0.13	438	0.07
Royalties	(55,032)	(9.44)	(86,717)	(13.76)
GCA(1)	22,320	3.83	15,595	2.48
Transportation costs	(8,165)	(1.40)	(8,537)	(1.35)
Operating costs	(56,714)	(9.73)	(75,807)	(12.03)
	122,956	21.08	266,826	42.36
General and administration	(15,911)	(2.73)	(13,326)	(2.11)
Interest costs	(9,226)	(1.58)	(11,138)	(1.77)
Capital and other taxes	(426)	(0.07)	(1,064)	(0.17)
Funds from operations(2)	97,393	16.70	241,298	38.31

(1) GCA means Gas Cost Allowance

(2) See "Advisories"

Petroleum and Natural Gas Revenues

Year ended December 31	2009		2008	
(\$000s)		%		%
Light oil	87,854	41	181,691	43
Heavy oil	22,961	11	49,247	12
NGLs	8,731	4	11,434	3
Natural gas	93,261	44	175,122	42
Royalty income	337	-	739	-
Total	213,144	100	418,233	100

Production

Year ended December 31	2009		2008	
	BOE/d	%	BOE/d	%
Light oil (Bbls/d)	3,924	25	5,044	29
Heavy oil (Bbls/d)	1,229	8	1,829	11
NGLs (Bbls/d)	575	3	512	3
Natural gas (Mcf/d)	61,487	64	58,986	57
BOE/d (6:1)	15,976	100	17,216	100

Prices (prior to realized gains or losses on financial contracts and prior to transportation)

Year ended December 31	2009	2008
Light oil (\$/Bbl)	61.42	98.51
Heavy oil (\$/Bbl)	51.29	73.62
NGLs (\$/Bbl)	41.60	61.06
Natural gas (\$/Mcf)	4.16	8.14

Capital Expenditures

	(\$000s)
Property & equipment balance at December 31, 2008	1,071,150
Additions to property and equipment	106,095
Disposition of property and equipment	(8,801)
Acquisitions of property and equipment	350
Asset retirement obligation additions	1,909
Asset retirement obligation dispositions	(1,685)
Depletion, depreciation and other	(127,878)
Property & equipment balance at December 31, 2009	1,041,140

Year ended December 31	2009		2008	
(\$000s)		%		%
Land	5,080	5	13,688	5
Geological and geophysical	2,688	3	11,827	4
Drilling and completion	60,067	56	177,123	65
Plant and facilities	38,199	36	69,764	26
Other assets	61	-	1,196	-
Exploration and Development Expenditures	106,095	100	273,598	100

Quarterly Highlights	2009			
	Q4	Q3	Q2	Q1
Production				
Light oil (Bbl/d)	3,364	3,872	4,024	4,447
Heavy oil (Bbl/d)	1,210	1,281	1,198	1,227
Natural Gas (Mcf/d)	57,752	57,012	61,733	69,632
Liquids (Bbl/d)	489	561	565	687
BOE/d	14,688	15,216	16,076	17,965
Total BOE produced	1,351,338	1,399,847	1,462,922	1,616,979
Daily BOE of production per million Class A shares - basic	174	184	211	239
Prices (prior to realized gains or losses on financial contracts and prior to transportation)				
Light oil (\$/Bbl)	72.88	67.12	61.39	47.53
Heavy oil (\$/Bbl)	62.23	57.27	51.54	33.65
Crude oil (\$/Bbl)	70.06	64.67	59.13	44.53
Natural Gas (\$/Mcf)	4.60	3.16	3.61	5.13
NGLs (\$/Bbl)	52.06	43.87	39.23	34.07
Per BOE (\$)				
Revenues	41.65	35.36	34.43	35.24
Royalties, net of ARTC and GCA	(6.91)	(7.10)	(2.11)	(6.40)
Transportation costs	(1.33)	(1.41)	(1.41)	(1.45)
Operating costs	(9.31)	(9.32)	(9.43)	(10.70)
Net	24.10	17.53	21.48	16.69
Other revenue	-	-	0.05	0.42
G&A	(3.28)	(2.47)	(2.62)	(2.60)
Interest	(2.27)	(2.05)	(1.16)	(0.98)
Capital and other taxes	(0.07)	(0.07)	(0.11)	(0.04)
Realized gain (loss) on financial derivative	(1.60)	0.50	2.58	2.68
Funds from operations(1)	16.88	13.44	20.22	16.17

Quarterly Highlights	2009			
	Q4	Q3	Q2	Q1
Financial (\$000s)				
Revenues	56,287	49,497	50,373	56,987
Operating costs	(12,582)	(13,045)	(13,790)	(17,297)
General & Administrative expenses	(4,430)	(3,453)	(3,827)	(4,201)
Interest expense	(3,063)	(2,876)	(1,702)	(1,585)
Funds from operations(1)	22,820	18,818	29,605	26,150
Per share, basic(1)	0.27	0.23	0.39	0.35
Per share, diluted(1)	0.27	0.23	0.39	0.35
Earnings (loss)	(5,654)	(1,815)	(22,012)	(5,091)
Per share, basic	(0.07)	(0.02)	(0.29)	(0.07)
Per share, diluted	(0.07)	(0.02)	(0.29)	(0.07)
Total assets	1,136,732	1,127,665	1,141,506	1,158,329
Weighted average outstanding Class A shares-basic	84,325,666	82,890,883	76,040,581	75,231,828
Weighted average outstanding Class A shares-diluted	84,325,666	82,890,883	76,040,581	75,231,828

(1) See "Advisories"

Galleon has approximately 85.1 million shares issued and outstanding which trade on the Toronto Stock Exchange under the symbol "GO".

FOR FURTHER INFORMATION SEE www.galleonenergy.com

OR CONTACT (403) 261-6012:

Steve Sugianto, President and Chief Executive Officer,
Glenn R. Carley, Executive Chairman, or
Shivon Crabtree, Vice President and Chief Financial Officer

ADVISORIES: Certain information regarding Galleon Energy Inc. in this news release including management's assessment of future plans and operations including drilling plans, timing and steps in connection with the strategic review process and plans in connection therewith, 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. 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), 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.

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 news release 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. 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.

The net present value of estimated future net revenues does not represent fair market value. Details as to the calculation of net asset value are contained in Galleon's news release of February 25, 2010.

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.