



GALLEON ENERGY

FOR IMMEDIATE RELEASE – June 28, 2010

GALLEON ANNOUNCES CLOSING OF THE PUSKWA PROPERTY DISPOSITION AND Q2 2010 OPERATIONS UPDATE

CALGARY, ALBERTA -- - Galleon Energy Inc. (TSX:GO) ("Galleon" or the "Corporation") is pleased to advise of the closing of the previously announced sale of a wholly-owned subsidiary that holds a portion of its Puskwa property for approximately \$134.8 million in cash before closing adjustments. As previously announced, these properties represent 100% of Galleon's interest in a portion of its Puskwa property and produce approximately 1.4 Mmcf/d and 1,370 Bbl/d of oil and NGLs (1,600 BOE/d). Reserves at December 31, 2009 on these properties as evaluated by DeGolyer and MacNaughton Canada Limited ("DeGolyer") were 2.96 MMBOE proven developed producing, 8.28 MMBOE total proven and 14.76 MMBOE proven and probable. The related future development costs were \$32.2 million for total proven and \$43.5 million for proven and probable. Approximately 75,408 net acres of land holdings were included in the property disposition. Net proceeds from the sale were used to reduce bank indebtedness.

Upon closing of the Puskwa property sale, the Corporation's credit facilities have been approved for \$250 million which includes a \$225 million revolving facility and a \$25 million non-revolving facility. At June 25, 2010, net debt, after the Puskwa property sale, is approximately \$120 million.

Q2 2010 Operations Update

Average daily production in Q2 2010 is expected to be approximately 16,000 BOE based on field report estimates which includes production for 85 days from the sold Puskwa property.

Galleon has drilled 11 (10.5 net) wells in Q2 2010. All wells were cased for production. In addition, there are 3 wells currently drilling.

- Six (100% interest) Eastern Montney horizontal multi-fractured natural gas wells were successfully drilled. Five of the wells have been completed while the sixth well awaits completion.
- Three (100% interest) Edam heavy oil wells were successfully drilled and are currently being completed.
- One (50% interest) Kakut Montney vertical well was drilled and cased and is awaiting completion.

- One (100% interest) Central Montney horizontal multi-fractured natural gas well was successfully drilled. This is the first horizontal well drilled in this particular Central Montney play. The cost to drill and complete this well was approximately \$1.1 million. One follow-up horizontal well is planned to be drilled in the 4th quarter of 2010.

The drilling program planned in the second half of 2010 will focus on Kakut light oil and natural gas, Eastern Montney natural gas, two new Montney light oil projects in the Peace River arch area and Alexis medium oil. Up to 40 wells are planned including 30 light/medium oil wells and 10 natural gas wells. Galleon currently has access to over 1 million gross acres (approximately 810,000 net acres) of land.

The strategic alternatives process is continuing with various further steps and alternatives being reviewed. Galleon does not intend to disclose further developments with respect to the strategic review process until the board of directors has approved a further definitive transaction or strategic option, unless otherwise determined or required by law. There are no guarantees that the process will result in an additional transaction or, if a transaction is entered into, as to its terms or timing.

Forward-Looking Statements and Advisories

Statements herein that are not historical facts may be considered forward looking statements including drilling plans and production estimates. 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: timing of satisfaction of conditions precedent to closing of the disposition and the effects of the disposition. 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.

Disclosure of Reserves

Reserves disclosed herein are disclosed on a gross basis, being the Corporation's working interest before deduction of royalties and without including any royalty interests of the Corporation. The estimates of reserves for individual properties, such as the interests in the Puskwa property disposed of, may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation.

BOEs

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.

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