

GALLEON ENERGY - SUCCESS WITH MONTNEY HORIZONTAL WELLS AND LIGHT OIL DRILLING PROVIDES A STRONG START TO POST BREAKUP ACTIVITY

CALGARY, ALBERTA – Galleon Energy Inc. (“Galleon”) announces continued drilling and operational successes.

Drilling highlights:

- In June, 2008, Galleon drilled and cased 9 gross wells resulting in 7 (7.0 net) natural gas wells and 2 (2.0 net) light oil wells for a success rate of 100%;
- In July, 2008 to date, Galleon has drilled and cased 10 gross wells resulting in 7 (6.2 net) natural gas wells and 3 (2.5 net) light oil wells for a success rate of 100%;
- Included in the foregoing, Galleon has drilled and cased 6 Montney horizontal gross wells and 6 Montney vertical gross wells since early June 2008:
- Seven rigs are currently drilling including two Montney horizontal targets.

In 2008, Galleon intends to pursue production and reserves growth with drilling projects targeting Montney resource gas and light oil. Two to three rigs are planned to be constantly active on Montney projects during Q3 2008. All Montney horizontals are expected to be completed with multistage fractures. Galleon’s 2008 program targets projects that can provide repeatability, predictability and size.

Eastern Montney Project

Galleon has initiated an aggressive Montney horizontal drilling program at Dawson, Alberta (“Eastern Montney”). To date, five Montney horizontal wells (100% interest) have been drilled and completed with multistage fractures.

In June 2008, three horizontal wells were drilled confirming the size of the fairway which extends over a distance of 25 km. The 3 wells tested approximately 600 Boe/d, in aggregate, of natural gas and NGLs over a period of 48 hours. The natural gas wells are liquids rich with NGL production tests of between 40 and 60 Bbls per Mmcf. The on stream production rate for each of these wells has yet to be determined.

This successful Q2 drilling program is incremental to the strong results from the 6-21-77-21W5 horizontal well which was drilled in Q1 2008. The 6-21 well is currently producing 2.0 Mmcf/d with 80 Bbls/d of NGLs.

In July 2008, the fifth horizontal well in the Eastern Montney program was drilled and tested at a rate of approximately 2.9 Mmcf/d with NGLs of 100 Bbl/d over a test period of 72 hours. The on stream production rate for this well has yet to be determined.

Due to the success of the Eastern Montney horizontal program, Galleon plans to expand the number of horizontal wells to be drilled in this fairway in 2008 from 10 to up to 24 gross wells. Galleon has access to approximately 313,000 gross acres of land in the Eastern Montney region.

The horizontal Montney economics are robust in comparison to vertical wells both on a rate of return and reserve optimization basis. The horizontal wells currently cost approximately \$1.3 million each on average to drill, complete and tie-in compared to approximately \$0.8 million on average for each of the vertical wells. At current commodity prices and costs and historical production rates, pay out of these wells is estimated to be less than one year. Galleon believes horizontal drilling will be adopted as the optimal development method for the Eastern Montney pool project. Over 100 horizontal trajectories have been laid out in the core of the pool under current spacing regulations. With continued success there is potential for an additional 200 horizontal wells within the current mapped boundaries of the pool.

In Q3 2008, Galleon also will be pursuing Montney exploration drilling within the Eastern Montney region. At least 1 horizontal well and 2 vertical wells will be drilled on trends in the area.

Central Montney Project

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

Three Montney vertical wells (100% interest) were successfully drilled on new Montney fairways in June 2008. One well has been completed and two wells are waiting on a service rig. Test results on the completed well showed a stabilized rate of 0.9 Mmcf/d at a 35% draw down over a testing period of 48 hours. The production rate has yet to be determined.

In July 2008, two Central Montney horizontal wells (100% interest) were drilled and cased for production. Both wells showed Montney gas on mud logs throughout the horizontal leg. One of these horizontal wells has been completed with testing results of approximately 600 Boe/d over a period of 48 hours. The production rate for this well has yet to be determined. The second well is awaiting completion operations. Two Central Montney vertical wells (1.7 net) were also drilled and cased for production in July 2008.

At least one additional Montney horizontal well and two exploration vertical wells are planned for the Central Montney region in Q3 2008. Galleon has access to over 193,000 gross acres of land in the Central Montney fairway.

British Columbia Montney Project

Galleon has access to over 40,000 gross acres of lands with Montney potential in BC and western Alberta. The majority of these lands are located close to Septimus and Parkland, BC. Galleon believes in the resource potential of this Montney fairway and plans to test at least 4 Montney plays in this region in Q3 2008.

No wells were drilled in the BC Montney region in Q2 2008. Two Montney horizontal wells identified on two different trends are planned in Q3 2008, one of which is currently being drilled. One Montney vertical well (0.5 net) was drilled and cased for production in July 2008. At least two vertical wells are also planned to be drilled in Q3 2008. Contingent locations are being surveyed in order to be ready to proceed pending successful results from the wells drilled in third quarter 2008.

Light oil projects

The continued strength of Galleon's light oil portfolio was seen with the drilling of 2 successful Devonian light oil wells (100% interest) at Kimiwan/McLeans Creek, Alberta in June 2008. Both wells have been completed and are currently being production tested. Three additional wells (2.5 net) targeting Devonian light oil were drilled and cased for production in July 2008. Two wells are currently drilling potential light oil targets. Up to 11 additional light oil wells are planned for Q3 2008.

Production update

Second quarter 2008 production is expected to average approximately 16,100 to 16,500 Boe/d based on field report estimates. In April, May and June 2008, a prolonged spring breakup with extremely wet conditions affected production, completion, pipeline and drilling activities in certain properties. Galleon experienced some production disruptions in oil wells located at Puskwa and Eaglesham, Alberta. These production disruptions were related to bottom-hole pump repairs and installation operations that were unable to occur until ground conditions improved. The wet conditions also resulted in the temporary shut-in of certain existing oil production due to the inability to truck out produced oil volumes in Edam, Saskatchewan and Dreau, Alberta.

Current production is in excess of 18,500 Boe/d based on field report estimates. Exit 2008 production is targeted to exceed 23,000 Boe/d. In the second half of 2008, Galleon plans to drill between 72 and 80 wells. The drilling program is focused on natural gas and oil.

Project	Number of wells
Eastern Montney horizontal	16-24
Kakut Central Montney & multizone	16
Eaglesham Central Montney & multizone	10
Western Montney	8
McLeans Creek/Kimiwan	8
Puskwa	2
Other	12
Total	72-80

Capital program expansion

Galleon's 2008 capital program has been increased by \$50 million to approximately \$280 million due to the success of the Montney horizontal drilling program and new exploration oil and natural gas discoveries. The expanded capital program is expected to be funded by cash flow. The expansion of this program will focus on delineating new Montney pools with outpost drilling and on construction of two new natural gas facilities to be located in Dawson and Kakut, Alberta. At Dawson, a new plant with capacity of 10 Mmcf/d is planned for the southern end of the Eastern Montney pool. Combined with the existing 30 Mmcf/d natural gas plant located 20 km to the north, Galleon will have natural gas processing capacity of approximately 40 Mmcf/d in the area. The new plant is expected to be on-stream in Q1 2009. Kakut is located in the Central Montney region and is expected to be a significant growth area for Galleon. An owned natural gas plant at Kakut will be expanded from 5 Mmcf/d to 15 Mmcf/d and is scheduled to be completed towards the end of Q3 2008.

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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), 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.