

FOR IMMEDIATE RELEASE – January 21, 2010

GALLEON REPORTS DOIG LIGHT OIL DRILLING SUCCESS AND PROVIDES OPERATIONS UPDATE

CALGARY, ALBERTA – Galleon Energy Inc. (TSX: GO) (“Galleon” or the “Corporation”) is pleased to announce results from its Q4 2009 drilling program. Galleon drilled 16 wells (94% success); cased 8 (7.8 net) for light sweet oil; 6 (5.6 net) for natural gas; 1 (0.7 net) for medium oil production.

During 2009, Galleon has advanced and expanded its portfolio of drilling opportunities in Doig light oil and Montney liquids rich natural gas resource projects. In the Eastern Montney project, approximately 17 Bbl of oil and NGLs are produced with 1 Mmcf of natural gas.. The success of the Doig and Montney drilling programs in 2009 has further enhanced the established resource base to grow light oil and natural gas production in 2010.

Kakut Doig light oil resource project with high netback

- During 2009, Galleon discovered a large light oil (39° 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 6 (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 successfully applied horizontal multi-stage fracture technology to the three horizontal wells currently on production and to the three horizontal wells waiting on tie-in.
- Production rates have been successfully increased by optimizing the drilling and fracture technology. In Q4 2009, Galleon drilled the longest horizontal well (2-32 well) to date with a 1,200 metre horizontal length and 12 stages of fractures. The 2-32 well flowed on test over the first 48 hours at an average rate of 1,345 Boe/d recovering its completion fluid, and, subsequently, flowed on test at an average rate of 341 Boe/d over the next 20 operating days. The 2-32 well is currently producing on pump at over 200 Boe/d.
- The second longest well (10-29 well) was drilled in Q3 2009 with a 900 metre horizontal length and 8 stages of fractures. The 10-29 well flowed on test at a rate of over 624 Boe/d in the first 48 hours recovering its completion fluid. Subsequently, the well produced at an average rate of 175 Boe/d over a 20 operating day test. The 10-29 well produced at an average rate of 161 Boe/d in the first 60 operating days on production.
- The discovery well (15-30 well) was drilled in December 2008 with a 400 metre horizontal length and 5 stages of fractures. The 15-30 well flowed at a rate of 574 BOE/d on test over the first 48 hours and subsequently produced at 50 Boe/d over the next year (over 18,000 Boe cumulative).

- The incremental cost of increasing the length and number of fracture stages is not material when compared to the incremental rate of production. The three wells waiting to be tied-in have been drilled with short legs between 400 and 600 meters and the production capability of the three wells is expected to be similar to the 15-30 well.
- A return to longer horizontal lengths is planned in future drilling.
- Galleon has assembled 36 prospective sections of land on the play with an average 86.6% working interest and has identified 150 locations. Up to 25 wells are planned in 2010. Capital costs to drill, complete and tie-in are estimated to be \$1.7 million per well on average.
- The success of the horizontal well project in the Doig formation has the potential to significantly add light oil production and reserves.

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. Approximately 400 potential drilling locations have been identified within the mapped core area. Project economics are strong due to high liquids rich gas and a low capital and operations cost structure. Based on a \$5.50/Mcf gas price, historical production rates and historical costs, an average Eastern Montney horizontal well generates a rate of return of approximately 219% with a pay out of capital within 1.4 years. The capital costs to drill, complete and tie-in are approximately \$1.3 million on average.

To date, Galleon has drilled 40 horizontal wells in this project. 35 of these wells are currently on production. 15 horizontal wells were drilled in 2009 preceded by 21 horizontal wells in the second half of 2008. This reduction in drilling year over year was due to lower 2009 natural gas prices. In Q4 2009, 3 Eastern Montney horizontal multi-fracture wells were drilled and cased for production.

In early December 2009, a portion of the Eastern Montney field was optimized with the addition of a booster compressor located at 15-16-77-21W5. As expected, this optimization operation resulted in a recovery of approximately 2 Mmcf/d of low pressure gas which had been backed out by the stronger pressure horizontal wells. This completes the first phase of the planned two phase field optimization project.

Kakut/Central Montney natural gas resource project

The Kakut resource project has been very successful for Galleon over the past two years. Net production has increased to over 3,000 Boe/d from 200 Boe/d in Q2 2008. To December 31, 2009, 6 (5.2 net) wells have been drilled and five (4.2 net) of these wells are currently on production.

A significant Montney resource has been captured and proven. With the completion of the natural gas plant expansion in 2009 to 28 Mmcf/d, sufficient facilities are in place to handle planned production levels.

2010 Capital expenditure program

The focus of the 2010 capital program will be on the continued development of the Doig light oil and Montney projects. In addition, other light oil projects (at Puskwa, Senex, Sawn Lake and in the North Peace River Arch area) will be initiated in 2010. Galleon has expanded its light oil development drilling inventory to over 200 locations including 150 Doig locations and 50 Beaverhill Lake locations at Puskwa.

2010 drilling plan	# of gross wells
Doig light oil	25
Eastern Montney	30
Other light oil	10
Other	5
Total	70

Galleon expects 2009 average production to be in line with the low end of guidance. Despite Q4 2009 production being affected by a late start to drilling and tie-ins, a deferral of capital into Q1 2010 and shut-ins in December due to extremely cold temperatures, current production exceeds 15,300 BOE/d based on field estimates. Current production exceeds average production in Q3 and Q4 2009.

Currently, Galleon has eight drilling rigs working and plans to drill up to 20 wells in Q1 2010. Capital expenditures planned for Q1 2010 are \$40 million. These expenditures are expected to be funded by working capital and cash flow.

Commodity hedge program

For 2010, Galleon has entered into contracts to receive an average price of \$75.69/Bbl CDN for 4,000 Bbl/d. For 2011, Galleon has entered into contracts to receive an average price of \$92.10/Bbl CDN for 2,000 Bbl/d.

Natural gas hedge contracts include: 10,000 GJ/day at an average price of \$5.99/GJ CDN for the period January 1, 2010 to March 31, 2010; 15,000 GJ/day at an average price of \$5.78/GJ CDN for the period January 1, 2010 to December 31, 2011; and 5,000 GJ/day at \$5.76/GJ CDN for the period April 1, 2010 to March 31, 2011.

FOR FURTHER INFORMATION SEE www.galleonenergy.com
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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, and productive capability of new wells and drilling plans and the timing and estimated costs thereof, expected average production rates, expected rates of return on wells, expected payout periods of certain wells and capital expenditures, the timing thereof and 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; 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

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.