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February 19, 2007

Rally Energy Announces \$50 Million Bought Deal Financing

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“RAL” – TSX Exchange “RLE” – Frankfurt Stock Exchange

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Rally Energy Corp. (the "Corporation") is pleased to announce today that it has entered into an agreement with a syndicate of underwriters led by Wellington West Capital Markets Inc. pursuant to which the underwriters have agreed to purchase 10,000,000 common shares (the "Common Shares") of the Corporation on a bought deal basis, at a price of \$5.00 per Common Share to raise gross proceeds of \$50 million (the "Offering").

The underwriters have the option to purchase from the Company up to an additional 1,000,000 Common Shares at the issue price at any time prior to 30 days following the closing of the Offering for further gross proceeds of \$5,000,000 which would increase the Offering to \$55,000,000 if fully exercised. The Common Shares to be issued under the Offering will be offered by way of a short form prospectus in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, and Saskatchewan and in the United States on a private placement basis pursuant to an exemption from the registration requirements of the *United States Securities Act of 1933*, as amended.

The securities being offered have not been, nor will they be, registered under the *United States Securities Act of 1933*, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

The financing is scheduled to close on or about March 13, 2007 and is subject to regulatory approval and completion of definitive documentation. Proceeds of the Offering will be used to fund the Corporation's exploration and development programs in Egypt and Pakistan, for potential acquisitions, and for general corporate purposes.

Based in Calgary, Alberta, Canada, Rally Energy is an oil and gas exploration, development and production company. The Corporation's primary area of operation is in Egypt, where it has a 100% operating interest in the Issaran oilfield, a significant heavy oil development opportunity with strong growth potential. In Pakistan, the Corporation holds a 30% interest in the Safed Koh Block, where it is participating in the development of a large natural gas/condensate discovery.

The TSX has neither approved nor disapproved of the contents of this news release.