



March 13, 2007

## RALLY ENERGY CLOSSES \$55 MILLION EQUITY FINANCING

---

**Contact: Abby Badwi, President & CEO**  
**Douglas Urch, Vice President, Finance & CFO**

**Tel: (403) 538-0000**  
**Fax: (403) 538-3705**

---

**"RAL"**-TSX Exchange **"RLE"**-Frankfurt Stock Exchange

**[www.rallyenergy.com](http://www.rallyenergy.com)**

---

Rally Energy Corp. (the "Corporation") is pleased to announce that it has closed its previously announced bought deal equity financing with a syndicate of underwriters led by Wellington West Capital Markets Inc. and including Westwind Partners Inc., D & D Securities Company, Jennings Capital Inc., MGI Securities Inc., and Tristone Capital Inc., pursuant to which the underwriters have agreed to purchase 10,000,000 common shares of the Corporation at \$5.00 per Common Share to raise gross proceeds of \$50 million (the "Offering").

The underwriters fully exercised their over-allotment option to purchase additional shares from the Corporation and, accordingly, an additional 1,000,000 shares were issued at a price of \$5.00 per share for additional gross proceeds of \$5 million, increasing the Offering to \$55 million.

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.

Subsequent to this transaction, the Corporation has 113,530,494 shares outstanding and 7,606,666 share purchase options.

---

*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.*

---

### **FORWARD-LOOKING STATEMENTS**

*Except for statements of historical fact, all statements in this news release - including, without limitation, statements regarding production estimates, potential reserves and future plans and objectives of Rally - are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from anticipated results include risks and uncertainties most of which are beyond Rally's control such as: risks relating to estimates of reserves and recoveries; production rates and operating cost assumptions; development risks and costs; the risk of commodity price and currency fluctuations; general economic and industry conditions; political and regulatory risks; environmental risks; stock market volatility; access to sufficient capital from internal and external sources; and other risks and uncertainties as disclosed under the heading "Risk Factors" and elsewhere in Rally's documents filed from time-to-time with the Toronto Stock Exchange and other regulatory authorities. The reader is cautioned that assumptions used in the preparation of such information, while considered reasonable by Rally at the time, may prove to be incorrect. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

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