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## RALLY ENERGY COMPLETES PAKISTAN ACQUISITION

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**"RAL" - TSX Exchange**

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Rally Energy, through a wholly owned subsidiary, has now closed the Purchase and Sale Agreement for the acquisition of an additional 7.5% interest in the Safed Koh Concession in Pakistan, increasing the Corporation's interest to 30%, as previously announced on October 24, 2006. All requisite Pakistan government approvals have been received and the US\$11.4 million purchase price was satisfied on March 2, 2007 by way of US\$8.55 million in cash and 1,372,846 common shares of Rally Energy Corp. The shares were reserved for issuance in June 2006 at the then prevailing price of \$2.30 per share.

At December 31, 2006, the Corporation's independent reserves evaluator assessed this 30% interest as containing 12.7 million net BOE in the Salsabil Field. This strategic acquisition represented a cost of \$3.20/BOE for proved and probable reserves and also increases the Corporation's exposure to large prospective deeper untested zones in the Salsabil Field and to two large gas prospects at Afiband and Zindapir, located immediately south of the Salsabil Field.

The Government of Pakistan recently announced that the gas price applicable, expected to be US\$3.47/MCF, will be governed by the proposed 2007 Petroleum Policy currently awaiting cabinet approval.

Construction of the pipeline and gas plant is in the final stages of completion. The operator has advised that first gas production will start on March 21 at an expected rate of 15 to 20 MMCF/D (net 4.5 to 6.0 MMCF/D) from two wells increasing to 60 MMCF/D (net 18 MMCF/D) by July 2007 following the drilling of a third development well scheduled to spud within a week. The development well is also designed to penetrate the deeper untested Sembar sandstone that has the potential to double the reserves of the Salsabil Field. Additionally, the Afiband and Zindapir structures will be tested by drilling two high impact exploration wells, the first of which is scheduled to spud in July 2007 and the second in early 2008. Abby Badwi commented that "these two larger structures, with similar four-way seismically-defined closure as encountered at Salsabil, have the potential to contain in excess of 2 TCF of additional liquids-rich natural gas".

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*Based in Calgary, Alberta, Canada, Rally Energy is an oil and gas exploration, development and production company. The Corporation's primary area of operations 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.*

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## **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.*