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## Rally Energy Abandons First Harmattan Follow-up Well

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Rally Energy reports that the 7-29-31-2 W5 well, the second well in our multi-well Harmattan program was plugged and abandoned yesterday. This well, located approximately 1.7 kilometres south of the first Harmattan discovery well, encountered gas charged sands with low permeability. The targeted multi-zone pay horizons were not productive in this wellbore. Rally Energy holds a 50% non-operated working interest in this well.

The Corporation is currently moving a rig to the next follow-up drilling location, approximately 1.6 kilometres east of the first discovery well, and expects to spud this week. The Corporation intends to drill at least three additional wells on its Harmattan holdings during 2005.

The Corporation's first Harmattan discovery well (50% working interest), drilled late in 2004, resulted in a multi-zone discovery of oil and gas. Production facilities and pipelines were installed and production commenced on April 15, 2005. This well has been flowing at 600 bbls/d with 960 mcf/d of gas but will be restricted to its initial allowable rate of 126 boe/d until Good Production Practice status is granted to allow for production at substantially increased rates.

*The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.*