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RALLY ENERGY EXPANDS CREDIT FACILITIES

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Rally Energy is pleased to announce that bank credit facilities have now been expanded to US\$7.0 million from US\$4.5 million. In addition, the Corporation is proceeding with proposals to establish conventional reserves-based term debt facilities in excess of US\$20 million to fund Egypt and Pakistan activities.

Rally Energy is also pleased to report that the Egyptian General Petroleum Corporation has accelerated oil purchase payments which will assist ongoing financing of Issaran capital expenditure programs.

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 22.5% interest in the Safed Koh Block, where it plans to participate in the development of large natural gas/condensate discoveries. In Canada, Rally Energy is active in Alberta and Saskatchewan with varied working interests in several producing properties.

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