



RALLY ENERGY CORP.

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RALLY ENERGY PROVIDES OPERATIONS UPDATE

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With ongoing operational and planning activities in Egypt, Pakistan and Canada, Rally Energy Corp. “the Company” would like to provide the following update:

- Current Company production is in excess of 3,000 BOE/D.
- Production revenues increased substantially during the third quarter.
- The average Company-realized wellhead price of \$44.50 /BOE in the third quarter was up 27% from the second quarter price of \$34.91/BOE.
- In Pakistan a commerciality declaration for the Rodho discovery is expected to be made prior to year-end.
- The discovery well Rodho-3 tested 10.0 MMCF/D on an extended flow test and the follow-up well Rodho-2 well tested 10.4 MMCF/D.

EGYPT

- Current Issaran field sales are 2,800 BOPD.
- Third quarter average oil sales of 2,410 BOPD are 8% lower than for the prior quarter (2,624 BOPD) due to equipment delivery delays in Egypt which are now being rectified.
- Third quarter average well head price at the Issaran Field was \$42.91 per barrel, a 30% increase compared to the second quarter average wellhead price of \$33.95 per barrel.
- Five new wells have been drilled since July 2005. Two are producing oil wells, two are currently being completed, and one well was abandoned. Current incremental production from the first two oil wells is 460 BOPD.
- Five wells, four vertical and one horizontal, are scheduled for drilling before year-end.
- The first steam pilot operation has produced encouraging technical results to date and evaluation will continue with several more steam and production cycles. A second steam pilot operation will commence this month.

PAKISTAN

Technical and Operating Committee meetings held in Islamabad on October 21, 2005 concluded the following:

- Final flow test results of the Lower Goru formation in the Rodho-2 well, combined with two shallower sands (the Pab and Dunghan formations), have flow tested at a combined rate of 10.4 MMCF/D on a one inch choke.
- Final flow test results of the Lower Goru formation in the Rodho-3 well, after additional perforations and acid squeeze, established gas flow rates of 10 MMCF/D on a one inch choke with no pressure decline. Fracture stimulation of the zone is being considered.
- A “Declaration of Commerciality” and submission of a development plan to government authorities is expected to be completed before year-end.
- Partners have agreed to contract a rig to drill a new Rodho development well. The new location will be designed to test the Lower Goru formation and to go deeper to test the Sembar sandstone that is also highly prospective on this structure. Drilling is currently scheduled for the second quarter 2006.
- Initial production from Rodho is expected in the second quarter 2006 following construction of a 22 kilometres gas sales pipeline.
- The Company has a 22.5% working interest in the Safed Koh block which contains the Rodho structure and two additional large structures: Afiband and Zindapir.

CANADA

- Western Canada current production is approximately 200 BOE/D.
- One vertical well (50%) at Valhalla, Alberta and one horizontal well (37.5 %) at Parkman, Saskatchewan are to be drilled before year-end.

CORPORATE

Mr. Mel Trethart, Country Manager of Rally’s subsidiary Scimitar Egypt, has announced his retirement effective December 15, 2005. The board and management of Rally Energy Corp. would like to extend their appreciation for the leadership and contribution Mr. Trethart has provided to the Company during the last three years.

Over the next several months, Mr. Abby Badwi, President and CEO of the Company will be spending a significant portion of his time in the Cairo office supported by Calgary’s executive team on a rotational basis.

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.