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Rally Energy Shareholders and Optionholders Approve Acquisition

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

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Rally Energy Corp. ("**Rally**") is pleased to announce that at a special meeting held today, Rally's shareholders and optionholders approved the proposed acquisition arrangement with Logria Corporation (the "Purchaser"), an affiliate of Citadel Capital Company and National Petroleum Company S.A.E. The final certified results of the vote are as follows:

- 99.2% of common shares voted in favour of the arrangement, 0.8% voted against. A total of 70,695,928 votes were cast, representing 61% of outstanding common shares.
- 100% of options voted in favour of the arrangement. A total of 6,949,233 votes were cast, representing all outstanding options.

These totals exceed the required two-thirds of the votes cast on the arrangement resolution by shareholders present in person or represented by proxy at the special meeting, and shareholders and optionholders present in person or represented by proxy at the special meeting voting together. As previously announced, the arrangement will be submitted to the Ontario Superior Court of Justice (Commercial List) for a final order of approval on September 18, 2007. No registered shareholders exercised dissent rights with respect to the proposed arrangement.

The closing of the arrangement is expected to occur after the satisfaction and/or waiver of all conditions precedent to the arrangement, which is currently expected to be on or about September 21, 2007. Subject to court approval, in order to facilitate closing, the plan of arrangement implementing the arrangement has been modified to the effect that the funds required to be deposited by the Purchaser to pay all cash consideration to securityholders of Rally must arrive in the account of the depository for the arrangement prior to the plan of arrangement becoming effective, rather than at or prior to the first moment in time on the closing date.

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. In Pakistan, the Corporation holds a 30% interest in the Safed Koh Block, where it is participating in the development of a natural gas/condensate discovery.

ADVISORY

Except for statements of historical fact, all statements in this news release - including, without limitation, statements regarding the Transaction 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 the arrangement; 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. Rally 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.
