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Rally Energy Credit Facility Update

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Rally Energy Corp. ("Rally Energy" or the "Corporation") is pleased to announce that its previously announced US\$25 million long-term financing facilities have now received Board approval from the International Finance Corporation (the "IFC") (a member of the World Bank Group), subject to completion of applicable loan documentation which is currently expected to occur by the end of April 2006. The funds will be used to fund upcoming capital requirements and working capital needs for the Corporation's projects in Egypt and Pakistan.

As part of the facilities, Rally Energy has reserved for issuance three million common share purchase warrants for the IFC, subject to completion of the loan documentation. Once issued, each warrant will entitle the IFC to purchase one common share of the Corporation at a price of \$1.92 per common share until the earlier of three years from issuance or 30 days after the date on which the Corporation's common shares close at or above \$2.95 for ten consecutive trading days.

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 is participating in the development of a large natural gas/condensate discovery. In Canada, Rally Energy is active in Alberta and Saskatchewan with varied working interests in several producing properties.

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.