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## Rally Energy Completes Sale of Canadian Properties

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Rally Energy Corp. ("Rally") is pleased to announce it has completed the sale of certain Canadian assets for a purchase price of \$6.9 million (\$5.0 million in cash and \$1.9 million in equity from the purchaser), with an effective date of December 1, 2006.

Excluded from the sale, is the Corporation's recent gas/condensate discovery in Gold Creek and subsequent successful development well in the same area. Upon stabilization of production from this area, Rally will consider the Gold Creek property disposition next year.

Cash proceeds will be used for general working capital purposes related to activities in Egypt and Pakistan.

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*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 30% interest in the Safed Koh Block, where it is participating in the development of a large natural gas/condensate discovery.*

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*The TSX has neither approved nor disapproved of the contents of this news release.*