



December 6, 2006

## Rally Energy Welcomes IFC as Shareholder

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Rally Energy Corp. ("Rally") is pleased to announce that the International Finance Corporation ("IFC", a division of the World Bank) exercised all 3,000,000 Common Share Purchase Warrants ("Warrants") on December 4, 2006. The Warrants, issued on May 19, 2006, were exercisable at \$1.92 per Common Share ("Share") for an aggregate of \$5.76 million.

Pursuant to the terms of the US\$5 million Term Loan advanced to Rally from IFC on June 30, 2006, surrender of the Term Loan will fund a majority of the Warrant exercise with an additional \$52,500 settled through cash proceeds from IFC.

Rally is not aware of any intention by IFC to sell any of the 3,000,000 Shares received on exercise of the Warrants. IFC is a global investor and advisor committed to promoting sustainable projects in developing member countries that are economically beneficial, financially and commercially sound, and environmentally and socially sustainable.

In addition to this equity position, IFC continues to provide a US\$20 million revolving credit facility to Rally for development of oil and gas projects in Egypt and Pakistan.

Rally currently has 100,697,648 Shares and 6,862,666 Options outstanding. Additionally, 1,372,846 Shares have been reserved for issuance pursuant to the previously announced purchase of an additional 7.5% working interest in the Pakistan Safed Koh Concession.

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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.*