



November 3, 2006

## Rally Energy Accelerates Expiry of 3,000,000 Warrants

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

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Rally Energy Corp. ("Rally" or the "Corporation") is pleased to announce today that the expiry date for the 3,000,000 Common Share Purchase Warrants ("Warrants") issued to the International Finance Corporation ("IFC", a division of the World Bank) has been accelerated to December 4, 2006 from May 18, 2009.

The Warrants were issued on May 19, 2006 and entitle IFC to purchase 3,000,000 Common Shares ("Shares") of the Corporation at a price of \$1.92 per Share until the earlier of three years from issuance or 30 days after the date on which Rally's Shares have closed above \$2.95 for ten consecutive trading days. Rally's Shares closed above \$2.95 for the ten consecutive trading days October 13 to 26, inclusive.

Rally will receive proceeds of \$5.76 million from the exercise of these Warrants. Pursuant to the terms of the US\$5 million Term Loan advanced to Rally from IFC on June 30, 2006, payout of the Term Loan will be utilized to fund a majority of the Warrant exercise with the remaining amount settled through cash proceeds from IFC. Rally is not aware of any intention by IFC to sell 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. IFC is providing Rally with a comprehensive financing package to develop oil and gas projects in Egypt and Pakistan. Rally will continue to have a US\$20 million revolving credit facility with IFC subsequent to exercise of the Warrants.

Rally currently has 97,430,981 Shares, the Warrants and 7,069,333 Options outstanding. Additionally, 1,372,846 Common 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 Corp. 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.*