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RALLY ENERGY CLOSES \$10 MILLION EQUITY DEAL FINANCING

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Rally Energy Corp. (the "Corporation") is pleased to announce that it has closed its previously announced bought deal financing with a syndicate of underwriters led by Jennings Capital Inc. and including Wellington West Capital Markets Inc., Tristone Capital Inc., Dundee Securities Corporation and Wolverton Securities Ltd., in respect to an offering of 6,400,000 units (the "Units") at \$1.25 per Unit for gross proceeds of \$8 million. The Underwriters exercised their option and, accordingly, an additional 1,600,000 Units were issued at a price of \$1.25 per Unit for additional gross proceeds of \$2 million increasing the offering to \$10 million.

Each Unit consists of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at a price of \$1.60 at any time for a period of 12 months from closing. If, at any time after six months subsequent to closing the Corporation's common shares close at or above \$1.80 per share for 10 consecutive trading days, the Corporation can accelerate the expiry dates of the warrants with 15 days notice.

Proceeds of the Offering will be used to fund the Corporation's exploration and development plans in Egypt and Pakistan and for general corporate purposes.

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 plans to participate in the development of large natural gas/condensate discoveries. In Canada, Rally Energy is active in Alberta and Saskatchewan with varied working interests in several producing properties.

Certain information regarding the Corporation contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements.

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