



August 28, 2007

Rally Confirms Mailing of Information Circular and Provides Pakistan Update

Contact: Abby Badwi, President & CEO
Douglas Urch, Vice President, Finance & CFO

Tel: (403) 538-0000
Fax: (403) 538-3705

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

www.rallyenergy.com

Rally Energy Corp. ("**Rally**") is pleased to confirm that it has now mailed a management information circular (the "**Circular**") relating to the special meeting (the "**Meeting**") of Rally securityholders scheduled for September 17, 2007. As previously announced, the Meeting has been convened in connection with the proposed acquisition (the "**Transaction**") by Logria Corporation, a subsidiary of National Petroleum Company S.A.E. and an affiliate of Citadel Capital Company, of all of the issued and outstanding common shares of Rally at a price of Cdn\$7.30 per share in cash and all of Rally's outstanding in-the-money options for their in-the-money value pursuant to a plan of arrangement. The Circular is available on Rally's website at www.rallyenergy.com or the Canadian SEDAR website at www.sedar.com.

Proxies for the Meeting are to be sent to Rally Energy Corp., c/o its transfer agent, Valiant Trust Company, 310, 606 - 4th Street SW, Calgary, Alberta T2P 1T1. Securityholders are hereby notified that the Notice of Meeting, Circular and Letter of Transmittal are amended to allow Proxies to be received by Rally's transfer agent until 9:30 a.m. (Calgary time) on September 14, 2007 or, if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Calgary) before the commencement of any adjourned Meeting. This paragraph has been incorporated by reference into the Circular, and accordingly, the information contained in the Circular is superseded to the extent it is inconsistent with the information in this paragraph.

Pakistan

Rally Energy Corp. is pleased to announce that the Dewan 5-A development well in the Salsabil Field spudded on August 27, 2007 utilizing a new drilling rig, Z-40. Total target depth is 3,200 meters. It is expected that the well will take 100 days to be drilled and tested.

The Al-Baraka-1 exploration well (Zindapir Prospect) is currently drilling at 1,262 meters and is expected to reach target depth of 2,100 meters by mid-September. It will take several more weeks to complete testing of the well.

Current gas production from the existing two wells in the Salsabil Field is 26.7 mmcf/d (8.0 mmcf/d or 1,333 boe/d, net).

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. In Pakistan, the Corporation holds a 30% interest in the Safed Koh Block, where it is participating in the development of a natural gas/condensate discovery.

ADVISORY

Except for statements of historical fact, all statements in this news release - including, without limitation, statements regarding the Transaction 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 the Transaction; 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. Rally disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In conformity with Canadian Securities Administrators National Instrument 51-101, natural gas volumes have been converted to equivalent barrels of oil ("boe") using a conversion ratio of six thousand cubic feet ("mcf") to one boe. This ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers are cautioned that boe's may be misleading, particularly if used in isolation.

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