Third Quarter Interim Report
For the Three and Nine Months Ended January 31, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This Management Discussion and Analysis ("MD&A") dated March 20, 2007 focuses on key statistics from the consolidated financial statements for Dalmac Energy Inc. for the three month ("Q3'07") and nine month periods, ("YTD 2007"), ended January 31, 2007. It also, pertains to known risks and uncertainties relating to the oilfield services industry where Dalmac operates. This discussion and analysis should be read in conjunction with the Company's corresponding financial statements for the same period and should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions. The MD&A and financial statements for earlier periods should also be considered relevant and are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Additional information is also available on the Company's web site at www.dalmacenergy.com.

Statements in this MD&A relating to matters that are not historical facts are forward looking statements. Such forward-looking statements may involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results implied by such forward looking statements. Some of the risks that may cause actual results to vary are described under the "Business Risks" section. References in this MD&A to "Dalmac", the "Corporation", "Company", "us", "we" and "our" mean Dalmac Energy Inc. and it's subsidiary Dalmac Oilfield Services Inc.

Corporate Overview

Dalmac Energy Inc. is a provider of "hot oiler", "hydro vac", "vacuum", "pressure" and "tanker truck" services to the west central Alberta energy sector. Other products and services provided by the Company include "methanol/glycol", and "KCL" distribution and delivery. The Company presently has a total of 71 service units and this figure is expected to increase to 89 by the end of March 31, 2007. The increase in units will be due to the $5.0 million purchase of new equipment announced May 25, 2006. This equipment was originally scheduled to arrive by December 31, 2006 but unfortunately due to manufacturing bottle necks, delivery has been delayed by about 3 months. The effects of this delay had a direct affect on the operating results for Q3'07.

On April 30, 2005, Dalmac changed its year end date from December 31 to April 30. This resulted in creating a onetime 16 month year ending April 30, 2005 on which all subsequent financial reporting is based. This year end change invariable triggered a cut off which resulted in a one month stub quarter listed as "Q6'05". (See Summary of Quarterly Results).

Revenue

The revenue for Q3'07 decreased by $1.3 million to $3.2 million, or 30%, from the $4.5 million reported in the same quarter last year. Revenues were mainly impacted by decreased drilling activity, which was down by between 30-40% over last year. The year to date revenues have decreased by $3.2 million to $7.6 million, or 30%, from the $10.8 million reported at the same period last year. Dalmac is managing to balance out the decrease in drilling activity by picking up more production related work. This strategy is proving successful and almost all of the new equipment purchased for this fiscal year has scheduled production contracts arranged. The net income for Q3'07 was $0.4 million; this represents a decrease of $10,096 from the same period in the previous year. In spite of the $1.3 million decrease in revenue, Dalmac has been successful in generating almost the same net income as in the previous year. This confirms that streamlining and efficiency measures implemented over the course of the past year are working.

Gross Margin

Total gross margin for Q3'07 decreased by $0.3 million to $1.1 million or 23% from the $1.4 million in the previous year. The year to date gross margin decreased by $0.9 million to $2.1 million, or 30%, from $3.0 million in the previous year. Gross margin, as a percentage of revenue, for Q3'07 increased to 35% from 32% in the same quarter of the previous year. The year to date, gross margin, (as a percentage of revenue) was on par with the previous year.

General and Administrative ("G&A") Expenses

General and administrative ("G&A") costs for Q3'07, which represent all non-direct operational costs, decreased by $73,421 to $191,131, or 28%, from the $264,552 reported in the same quarter last year. The nine month year to date G&A costs also decreased in the amount of $118,531 to $630,108, or 16%, from the $748,639 reported in the previous year. Wages & benefits for Q3'07 decreased by $51,369 to $290,660, or 15%, from the $342,029 reported in the same quarter last year. The year to date wages and benefits decreased by $245,388 to $865,909, or 22%, from the $1.1 million reported in the previous year. Overall, Q3'07 G&A wages and benefits decreased by $124,790 to $481,791, or 21%, from the $606,581 in the same quarter last year, primarily due to improved efficiencies in personnel utilization. The year to date amount decreased by $363,919 to $1.5 million, or 20%, from the $1.9 million reported in the previous year.

Summary of Quarterly Results

(000's Cdn Dollars, except per share)	Q3' 07 Quarter Ended 31-Jan-07	Q2' 07 Quarter Ended 31-Oct-06	Q1' 07 Quarter Ended 31-Jul-06	Q4' 06 Quarter Ended 30-Apr-06
Revenue	3,186	2,226	2,195	4,018
Net income (loss)	402	(255)	(86)	535
Net income per share - basic	0.03	(0.02)	(0.01)	0.08
Net income per share - diluted	0.03	(0.02)	(0.01)	0.07

(000's Cdn Dollars, except per share)	Q3' 06 Quarter Ended 31-Jan-06	Q2' 06 Quarter Ended 30-Oct-05	Q1' 06 Quarter Ended 31-Jul-05	*Q6' 05 Period Ended 30-Apr-05
Revenue	4,533	3,472	2,807	784
Net income (loss)	411	30	(238)	(296)
Net income per share - basic	0.06	0.01	(0.04)	(0.07)
Net income per share - diluted	0.05	0.01	(0.04)	(0.07)

* Q6'05 represents the reporting of a non repeating stub period associated with changing the year end to April 30 from December 31.

Net income for Q3'07 was $401,642 or $0.03 per share compared to $411,738 or $0.06 per share in the same period last year. The year to date net income was $38,105 compared to $206,722 for the same period last year.

Amortization of Property and Equipment

Amortization of property and equipment, for Q3'07 decreased by $1,363 to $215,389, or 1%, from the $216,752 in the same period last year. The year to date amortization, decreased by $31,907 to $621,089, or 5%, from the $652,990 reported last year. Amortization calculations are dependent on the timing of additions and dispositions of property and equipment.

Interest Expense

In Q3'07 the interest expense for long term debt decreased by $8,698 to $54,890, or 14%, from the $63,588 in same quarter of the previous year. The nine month year to date amount for the same expenses decreased by $27,866 to $182,491, or 13%, from the $210,357 reported in the previous year.

Income Taxes

The Company's YTD 2007 tax recovery was $155,531 compared to a tax payable of $12,363 in the previous year. The company has utilized tax loss carry forwards as at April 30, 2006, the benefit of which has been recognized in the consolidated financial statements. The year to date future tax liability increased by $121,958 to $433,590, or 39%, from the $311,632 reported at April 30, 2006.

Liquidity and Capital Resources

Dalmac's capital requirements consist primarily of working capital necessary to fund operations, capital expenditures related to the purchase and manufacture of operating equipment, and capital to finance strategic acquisitions. Sources of funds to meet these capital requirements include cash flow from operations, external lines of credit, equipment financing, term loans and equity financings.

On October 31, 2006, Dalmac announced the expansion of its current banking facility to $9.0 million. This extended facility consists of a $3 million line of credit and a $6 million demand Revolving Term Loan. The interest rate on the line of credit is a floating rate of 1% above the bank's prime lending rate (which prime lending rate is presently 6%) and the rate on the term loan is a floating rate equal to 1.25% above the bank's prime lending rate. In addition, the Company has a secured $5.0 million leasing line of credit with Daimler Chrysler Financial Services Ltd. As of January 31, 2007 only $1.0 million of this facility has been drawn down to provide for the acquisition of new service units. Bank indebtedness, at January 31, 2007, was zero compared to $597,000 at April 30, 2006.

The long term debt, for the nine month period ended January 31, 2007, increased by $1.1 million to $3.6 million from the $2.4 million at the year ending April 30, 2006. This is commensurate with the drawdown of the Daimler Chrysler leasing line of credit mentioned above. The callable debt consisted of bank loans payable for equipment purchases, and has increased by $312,599 to $513,467 from the $200,868 at April 30, 2006.

On September 27, 2005 the Company completed a short form offering of 1,428,571 units at a price of $0.70 per unit, for total proceeds of $1 million. Each unit consisted of one common share and one half share purchase warrant; each whole share purchase warrant entitles the holder to purchase on additional common share at a price of $0.85 per share if exercised by September 27, 2007. The Company also granted agents' options for the purchase a total of 142,857 units at a price of $0.70 per unit as part of the agent's compensation in connection with this offering.

On February 28, 2006, Dalmac completed a bought deal private placement with Research Capital Company for total proceeds of $6,000,000 through the sale of 4,800,000 units at $1.25 per unit. Each unit consisted of one common share and one half of one common share purchase warrant of the Company. Each common share purchase warrant entitles the holder to purchase one common share at $1.50 and expires February 28, 2008. Underwriting fees consisted of 8% cash commission on the gross proceeds with options to acquire 480,000 units at an exercise price of $1.25; such options expire February 28, 2008.

Working Capital

As of January 31, 2007, the Company had a positive working capital of $5.8 million, an increase of $0.4 million over $5.4 million reported at April 30, 2006. The Company believes that it has adequate capital resources available to meet its working capital and capital expenditure requirements as they arise.

Contractual Obligations

Dalmac leases equipment and premises under long term operating leases. The leases for premises are exclusive of operating costs. Future minimum annual lease payments are as follows:

Lease Commitments

		2007	2008	2009	2010	2011
Equipment	$	651,177	597,913	569,425	380,475	38,949
Premises		215,494	215,494	66,505	0	0
	$	866,671	813,407	635,930	380,475	38,949

Shareholders' Equity

Over the nine months ended January 31, 2007 the shareholders' equity increased by $21,255 to $9.6 million from the $9.5 million reported at the year ended April 30, 2006. Retained earnings also increased by $38,105 to $1.0 million or 4% from the $992,266 reported at April 30, 2006.

Summary of securities as at the end of the reporting period:

Capital	Amount Authorized	Outstanding as at 31-Jan-07	Outstanding as at 30-Apr-06
Common Shares	Unlimited	12,385,333	12,378,978
Preferred Shares	Unlimited	Nil	Nil

The following table summarizes the issued and outstanding shares options and warrants as of the date of this MD&A:

Common Shares	Options	Warrants
12,427,933	904,189	3,074,616

Related Party Transactions

During the nine months ended January 31, 2007, the Company leased premises from 1010417 Alberta Ltd., a company owned by a director of the Company, for a total consideration of $61,200. (2006- $61,200). As of the quarter ended January 31, 2007, the Company was indebted to a director of the Company for an amount of $140,000. There was no interest due on this loan during Q3'07. The aforementioned transactions are in the normal course of operations and have been valued in the April 30, 2006 financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Critical Accounting Policies

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and may include estimates that reflect management's estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements for the period reported. Estimates are based upon historical experience and various other assumptions that reflect management's best judgments. These estimates are evaluated periodically and form the basis for making judgments regarding the carrying values of assets and liabilities and the reported amount of revenue and expenses. Actual results may differ from these estimates.

Recent Developments

On May 25, 2006, Dalmac announced the acquisition of $5.0 million of new operating equipment, originally scheduled to arrive by December 31, 2006, but due to manufacturing delays the units have been rescheduled for delivery on or by March 31, 2007. This equipment will consist of pressure trucks, sour sealed tri drive haulers, chemical trucks, combination vacs, sour sealed bulkers and various other equipment.

Dalmac announced on October 23, 2006 that it intends on carrying out a normal course issuer bid to purchase up to 621,391 of its common shares, which represents approximately 5% of its 12,427,833 common shares outstanding as of the announcement date. Purchases under this normal course issuer bid will be carried out through open market transactions through the facilities of the TSX Venture Exchange over a period of 12 months. Any shares purchased by the Corporation under this issuer bid will be cancelled.

On October 25, 2006 Dalmac changed the name of its operating subsidiary McClelland Oil Services Inc. to Dalmac Oilfield Services Inc. This name change was consistent with the Company's aim of streamlining operations and establishing a higher profile for Dalmac.

On February 8, 2007, Dalmac announced the signing of a letter of intent to purchase the business and assets of a 30 year old oil field services company based in west-central Alberta, but outside of Dalmac's current area of operations. The target company has operations similar to Dalmac's and is mainly focused on production services which are conducive to consistent year-round activity. The purchase price will be $1,925,000, payable by $1.5 million cash, $375,000 by vendor take back and $50,000 in Dalmac shares. This acquisition is scheduled to close by March 31, 2007. This new acquisition will increase the size of Dalmac's fleet by 15 operating service units.

Subsequent Events

Through the course of the Company's issuer bid Dalmac has repurchased 121,500 shares as of March 19, 2007. At January 31, 2007, 42,500 Dalmac shares had been repurchased. Apart from the issuer bid and the signing of the above mentioned letter of intent, there have been no events of any significance outside the normal course of activities subsequent to January 31, 2007.

Business Risks

Dalmac's business operations are subject to variations in accordance with oil and gas production, exploration and drilling activity in northwestern Alberta, which are consistent with the risks and variables inherent in the oilfield services industry. The demand for Dalmac's services can be affected by factors such as oil and gas commodity prices, weather, changes in legislation, exchange rates, the general state of domestic and world economies, concerns regarding fuel surpluses or shortages, substitution through imports or alternative energy sources, changes to taxation or regulatory regimes and the broad sweep of international political risks such as war, civil unrest, nationalization and expropriation or confiscation, which are all beyond the control of the Company and cannot be predicted. The oil market is influenced by global supply and demand considerations and by the supply management practices of OPEC. The natural gas market is primarily influenced by North American supply and demand and by the price of competing fuels. Legislative and other changes relating to protection of the environment can also affect the oil and gas industry.

The Company is focusing on establishing a solid and steady stream of revenue from oil field production services rather than relying excessively on drilling related activities. This repositioning should insulate Dalmac somewhat from any immediate activity down turns associated with changes in commodity prices. A greater commitment to oil and gas production services will provide Dalmac with a steady baseline demand for the company's operating equipment. However, it is possible that some competitors, who might be affected initially by reduced exploration activity, may have idle equipment that can be deployed into production activities. This could increase competition and put pressure on margins for Dalmac's core operations. This latter risk is minimized by Dalmac's historical dominance in our operating area. Any outside competitors would face higher subsistence and set up costs.

The risks associated with external competition are further minimized by concentrating on activities in areas where the Company has demonstrated technical and operational advantages and by employing highly qualified professional staff. Environmental and safety standards and regulations are continually becoming more stringent in the industry and Dalmac is committed to maintaining its high standards. The Company also mitigates business risks by establishing strategic alliances with qualified partners, developing new technologies and methodologies as well as investigating new business opportunities.

Outlook

The third quarter ended January 31, 2007, has witnessed a reduction in drilling activity, which was primarily due to lower gas commodity pricing and issues over day rates for drilling services. The winter drilling rig utilization rates have been hovering near 55% compared to 90% at the same time last year. Drilling activity is directly related to the capital expenditure budgets of the oil and gas production companies. Many of the capital expenditure budgets have been reigned in due to weak natural gas prices.

This past winter's drilling activity has been considerably slower than in the preceding year. The main driver for this lower utilization rate is derived from the fall in gas prices last summer. Prior to last summer gas prices were at all time highs ($14/mcf) and so was drilling activity. Commensurate with this increased activity was an increase in drilling day rates. In the summer of 2006, when the market price of natural gas fell to around $5.0/mcf, oil and gas producers cut back their capital expenditure (capex) budgets. It was also implied by the oil and gas producers that drilling rates were too high and they saw their capex budget reduction as an opportunity to get drilling rates back in line.

The Canadian Association of Oilwell Drilling Contractors (CAODC) reports indicate that conventional gas production out of the Western Canadian Sedimentary Basin had peaked in 2002 and is now on the decline. They suggest that to maintain production at its existing levels there will need to be more production brought on stream. This will invariably necessitate more unconventional gas drilling form coal bed methane. At present the inventory reserves of gas in the US are near capacity. These high inventory levels were aided by a relatively mild winter and a relatively hurricane free year in 2006. Hence, supply was constant and draw downs were less than expected.

The Company believes that 2007 will be viewed as a retrenchment year. As gas reservoirs continue to deplete, more production will be necessary to maintain current level - this will invariably mean more drilling activity and probably much higher gas prices during the later part of the year. The expectation is that next year's drilling activity will be very robust.

Dalmac has been able to maintain higher activity levels by sourcing out more production related work which is on-going 365 days a year. The new equipment purchased this year is especially suited for production operations. With the introduction of new sour sealed bulkers and tankers which are scheduled for production runs as soon as they are delivered, Dalmac should be able to leverage its existing fleet of service units towards the additional work generated from the deployment of the new sour-sealed units. It is further contemplated that with the addition of our new acquisition announced on February 8, 2007, additional leveraging of equipment will be possible in the new operating area.

Activity levels in the fourth quarter indicate continuous improvement over Q3'07 but they may be hampered somewhat by spring break up conditions which usually occur during the month of April. It is difficult to predict the effect of April weather conditions, if and the roads stay in good shape, activity levels should stay quite high. Also, given the additional activity from production work, the seasonal fluctuations, which have historically have varied on a quarterly basis, should be smoothed out. It is further expected that drilling activity will recover as the surplus gas storage levels are diminished over the course of 2007. Oil prices, on the other hand, continue to remain high and reservoir declines will tend to propagate continued activity. With exploration and production activities from the Western Canadian Sedimentary Basin continuing at near record levels, this should, in turn, create a healthy and strong environment for Dalmac's services in the foreseeable future.

High commodity prices and increased drilling activity, alongside with steady production runs, will continue to generate a steady and growing demand for Dalmac's services. The continuing demand to increase the extraction fossil fuels will further create excellent growth opportunities for Dalmac.

Dalmac is confident that it has adequate working capital, cash flow from operations, and access to capital to fund its ongoing business requirements. The Company's current cost structure has sufficient variability to be able to adapt to the volatility of the industry. Dalmac has experienced management at all levels of operations who are motivated to achieve success for the Company.

Dalmac is currently reviewing expansion opportunities, including possible acquisitions, which may involve the requirement for capital expenditures beyond the normal course for the Company. Dalmac may pursue any or all these opportunities that may present themselves. In doing so the Company may incur debt, issue equity, or any combination of the foregoing.

Disclosure Controls and Procedures

As defined in Multilateral Instrument 52-109, disclosure controls and procedures require controls and other procedures be designed to provide reasonable assurance that financial and non-financial information required to be disclosed is duly recorded, processed, summarized, accumulated and communicated to management. Such information must be disclosed on a timely basis and be in accordance with provincial and territorial securities legislation.

The Company has designed and evaluated the effectiveness of its disclosure controls and procedures, as defined, and has concluded they were effective as of the end of the period covered by this MD&A.