

For Immediate Release

October 1, 2007

Quarter Ended July 31, 2007

Edmonton, Alberta – John Babic, President and CEO of Dalmac Energy Inc. ("Dalmac") (TSX Venture "DAL") announces the operating results for the Quarter ended July 31, 2007 ("Q1'08").

The operating results for Q1'08 demonstrate an improvement over the same period in the previous year (Q1'07). Revenue for Q1'08 increased by 16% to \$2.5 million from the \$2.2 million reported in Q1'07 and EBITDA (earnings before income tax, depreciation and amortization) increased by \$111,669, or 97%, to \$226,927 from the \$115,258 reported in Q1'07. In spite of the decrease in drilling activity and prolonged road bans, the increase in revenue can be attributed to the sourcing of new production related work and the acquisition of North End Oil Industries Ltd.

On August 1, 2006, 750761 Alberta Ltd. was amalgamated with McClelland Oil Services Inc. and was subsequently renamed Dalmac Oilfield Services Inc. As a result of this amalgamation the Corporation was unable to apply tax credits against income losses subsequent to the date of the amalgamation as was the case in Q1'07. If not for the tax implications associated with the above amalgamation, the net loss for Q1'08 would have been \$34,794 instead of \$197,504. This adjustment would have represented an improvement of \$51,075 over Q1'07.

Unfortunately this tax implication distorted the Q1'08 comparison with Q1'07 and contributed significantly to the reported net loss of \$197,504. This difference translates into an \$111,635 loss increase over the \$85,869 loss reported in the same period last year. The Corporation will, however, be allowed to claim the tax losses against future streams of income. Additional contributing factors to the net loss are:

- Amortization expense increased \$67,820 or 33% to \$271,054 from the \$203,234 reported in Q1'07. This is due to the additional equipment purchased and the acquisition of North End Oil Industries Ltd.
- Interest on long term debt increased by \$79,731 or 128% to \$141,473 from the \$61,742 in Q1'07. This is due to increased debt to fund the purchase of equipment.
- Wages and Benefits increased by \$14,928 or 8% to \$189,798 from \$174,985 as reported in Q1'07, due primarily to the North End Acquisition.
- Management salaries increased \$45,989 or 57% to \$126,883 from the \$80,894 reported in Q1'07. This increase is the result of an increase in management staff as a result of the North End acquisition.
- The Corporation recorded \$26,713 in stock based compensation as a result of the stock options issued. This non cash transaction is disclosed in note #3 of the Q1'08 financial statements.

Selected financial Quarter End Information

(000's Cdn Dollars, except per share)	Q1'08 2007	Q1'07 2006
Revenues	2,536	2,195
Gross Margin	738	518
Gross Margin %	29.08%	23.58%
EBITDA (loss)*	226	115
EBIDTA/share - basic	0.02	0.01
EBIDA / share - diluted	0.02	0.01
Net income (loss)	(198)	(86)
Net income (loss) per share - basic	(0.02)	(0.01)
Net income (loss) per share - diluted	(0.02)	(0.01)
Total Assets	19,991	18,309
Total long-term financial liabilities**	5,287	4,130
Shareholder Equity	9,272	9,392
Weighted average common shares -basic	12,384	12,395
Weighted average common shares - diluted	12,384	12,395

* EBITDA (earnings before interest, taxes, depreciation and amortization) is a financial measure that does not have any standardized meaning prescribed by Canadian GAAP and may not be comparable to similar measures presented by other companies. EBITDA is used by the Corporation to provide an indication of the results generated by the Corporation's business activities prior to how these activities are financed, assets are amortized or how the results are taxed in various jurisdictions.

** Long term liabilities includes callable debt, long term debt and capital lease obligations.

On July 5, 2007, Dalmac announced the signing of an LOI to purchase another oilfield services company. This target company is situated in west central Alberta and is currently outside the Corporation's operating area. This acquisition's revenue for their fiscal year ended December 31, 2006 was reported at approximately \$4.4 million with an EBITDA of approximately \$1.0 million. The purchase price is to be \$3.5 million, payable by \$2.7 million in cash, \$600,000 in vendor take back financing and \$200,000 in shares. This acquisition is expected to close about September 30, 2007.

This acquisition is considered very accretive to Dalmac's operations and will increase the size of the Company's fleet by about 30 operating service units. The Company also expects increased benefit from by deploying its existing assets into a new geographic market area.

The Corporation is committed to balancing its exposure between drilling and production activities. This strategy is further encouraged by the fact that the number of wells drilled in the WCSB is still quite high by historical standards. The Canadian Association of Oilwell Drilling Contractors ("CAODC") forecasts 16,339 well to be completed in 2007. It is only over the past few years that that we have seen record well completions surpassing these levels.

Dalmac's continuing strategy is to reduce its exposure to the volatility of the drilling sector by diversifying into more production activities. Production operations apply to everything involved in bringing the oil and gas products to market, including production hauls, plant turnarounds, and maintenance.

Dalmac earns its revenue by providing specialized services required for the exploration, development and production of petroleum resources. These petroleum resources are escalating in value and are plentiful in the areas in which the Corporation operates. The demand for the Corporation's services is linked to the economic conditions of the energy industry and general levels of drilling and production activities in Western Canada. While the general drilling activity levels are lower than in the previous year, the

Corporation continues to maintain good relationships with its customer base and has balanced its exposure to drilling versus production work. The latter is less affected by reduced capital spending and drilling activity. Dalmac is encouraged by the indications of demand for its services.

For further information, please contact John Babic, at (780) 988-8510, by fax at (780) 988-8512 or by e-mail at jbabic@dalmacenergy.com.

Statements throughout this report that are not historical facts may be considered "forward looking statements". Such statements are based on current expectations that involve risks and uncertainties, which could cause actual results to differ from those anticipated. Important factors that can cause anticipated outcomes to differ materially from actual outcomes include the impact of general economic conditions, industry conditions, competition from other industry participants, volatility of petroleum prices, the ability to attract and retain qualified personnel, changes in laws or regulations, currency fluctuations, continued ability to access capital from available facilities and environmental risks. References in this MD&A to "Dalmac", the "Corporation", "Company", "us", "we" and "our" mean Dalmac Energy Inc. and its subsidiary Dalmac Oilfield Services Inc.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.