

October 28, 2011

**Quarter ended July 31, 2011 ("Q1'12")**

**Edmonton, Alberta – John Babic, President and CEO of Dalmac Energy Inc. ("Dalmac")** (TSX Venture "DAL") announces the Corporation's first quarter results.

**Selected Financial Information**

(000's Cdn Dollars, except per share data)	Q1'12	Q1'11
Revenues	5,560	3,814
Gross Margin	1,372	1,127
Gross Margin %	25%	30%
EBITDAS (loss)	490	445
EBITDAS per share - basic	0.03	0.02
Net income (loss)	(213)	(228)
Net income (loss) per share - basic	(0.01)	(0.01)
Net income (loss) per share - diluted	(0.01)	(0.01)

In spite of the spring road bans, forest fires, and an extremely rainy spring and summer Dalmac posted an impressive 46% revenue increase over the same period in the previous year. Revenues for Q1'12 increased \$1.7M to \$5.6M as compared to \$3.8M in Q1'11. Much of this increase in revenue stems from Dalmac's commitment to safety and customer service (as represented in earlier MD&As) which has continued to result in increasing demand for our products and services.

Dalmac implemented its safety program overhaul in Q1'12 which included major revisions to operating and working procedures, hazard assessments, orientation-training policies and procedures. These revisions also included compliance related certifications of all operating equipment and their constituent parts as referenced by the National Safety Code. The majority of this safety and equipment related audit and overhaul was completed in Q1'12 and most of these nonrecurring costs, which amounted to \$660K was captured in this quarter. About \$410K of this cost was capitalized and \$250K was expensed. Dalmac views the safety compliance commitment as an integral component of its operational policy and it is pivotal to securing healthy and profitable working relationships with our existing and future customers.

Also in anticipation of a busy fall and winter drilling season, Dalmac has hired approximately 25 new employees during Q1'12. These new hires were processed through our revised training program as outlined in the aforementioned safety policy. It takes about 3-6 weeks to fully train new employees before they are deemed qualified to work on their own. Normally the hiring of new employees would be spread out proportionately over the course of the year but given the anticipation of increasing well servicing activity for the balance of the year Dalmac decided to get an early start on the process. This scheduling impacted the current quarter by increasing the training costs by approximately \$75K.

The increased activity in the energy sector has also led to increased labour costs due to greater demand and competition for skilled labour. As a result, Dalmac's labour costs, as a percentage of revenue, increased by 4% or \$92K over YE'11. The Company is confident that these increased costs can be absorbed in the form of increased billing rates but there is usually a lag time of a couple months before it can be passed on to our customers.

In spite of the aforementioned increase in costs, Dalmac managed to decrease its loss by 7% to \$213K from the \$228K reported in Q1'11. Stemming to a large degree from the nonrecurring costs referenced above, the direct service costs as a percentage of revenue increased by 6% as compared to Q1'11. Despite the forgoing, the overall gross margin increased by 22% to \$1.4M from the \$1.1M reported in Q1'11.

**Outlook**

Activity levels in the Western Canadian Sedimentary Basin have continued to improve over the first half of 2011 which suggests that we can expect a very busy year ahead. As of September 29, 2012, drilling rig utilization, in Alberta, sits at 67% and service rig utilization sits at 62%. This is excellent utilization for this time of year. Contributing factors bringing this about include strong oil pricing and the ever increasing application of horizontal drilling in the oil and gas industry, which has witnessed year over year increases in all aspects of oilfield activity. Dalmac is developing solid relationships with major oil and gas producers and operators across west central Alberta by providing quality equipment, well trained safety conscious personnel and a competent group of managers that together combine to provide value to our customers both in superior customer service and efficient operations. Over the course of the current year we have experienced strong utilization rates for our equipment and improved financial performance. This increase in activity is expected to continue throughout our fiscal 2012 based on the forecasts for increased oil and gas production driven by stronger oil prices.

Dalmac's strategy to continue focusing on optimizing operating efficiencies, trimming costs, improving safety and service while forging ahead with building strong customer relationships is helping to position our Company as the first call choice. In summary, we are now more optimistic than ever that the dark clouds which hung over the energy industry in late 2009 and early 2010 have blown away. The increased activity levels experienced during the first half of 2011 are expected to stay the course throughout 2012.

We seek Safe Harbor.