

**DALMAC ENERGY INC. TSX Venture: "DAL"**

Period End Press Release

**For Immediate Release**

December 21, 2009

**Second Quarter Interim Period Ended October 31, 2009**

**Edmonton, Alberta – John Babic, President and CEO of Dalmac Energy Inc.** ("Dalmac") (TSX Venture "DAL") announces the Corporation's results for the three ("Q2'10") and six ("YTD'10") month period ending October 31, 2009.

**Selected Financial Information**

(000's Cdn Dollars, except per share)	Q2'10	Q2' 09	YTD' 10	YTD' 09
Revenues	3,557	5,167	7,124	9,136
Gross Margin	595	1,617	1,048	2,567
Gross Margin %	17%	31%	15%	28%
General and administrative expenses*	351	320	674	1,190
EBITDAS (loss)	(325)	833	(698)	986
EBIDTAS per share - basic	(0.03)	0.06	(0.05)	0.08
Dividends	61	61	61	0.00
Stock based compensation	7	22	11	43
Interest	140	174	302	342
Amortization	497	430	990	835
Net income (loss)	(1,007)	148	(1,811)	(277)
Net income (loss) per share - basic	(0.08)	0.01	(0.14)	(0.02)
Net income (loss) per share - diluted	(0.07)	0.01	(0.13)	(0.02)
Total Assets	21,347	23,946	21,086	23,946
Total long-term financial liabilities**	6,973	6,027	6,973	6,027
Shareholders' Equity	6,275	8,075	6,275	8,075
Weighted average common shares -basic	12,974,522	12,974,522	12,974,522	12,974,522
Weighted average common shares - diluted	13,562,461	13,562,461	13,562,461	13,562,461

\* General and administrative expenses include travel and automotive, advertising & promotion, telephone and utilities, insurance, business taxes and training.

\*\* Includes callable debt and callable capital lease obligations due beyond one year.

Total revenue for Q2'10 decreased by 31%, or \$1.6M, to \$3.6M from the \$5.2M reported at Q2'09. The six month revenue or "YTD'10" decreased by 22% or \$2.0M to \$7.1M from the \$9.1M reported at YTD'09. This decrease in revenue was largely driven by the lack of drilling and servicing activity stemming from the general economic recession and the Alberta Government's oil and gas royalty pricing issues. As a result of the forgoing, the gross margin for Q2'10 decreased by 63% or \$1.0M to \$595K from the \$1.6M reported in Q2'09. The gross margin for YTD'10 decreased 59% to \$1.0M from the \$2.6M reported in YTD'09. The dividend payments reflect the annual interest owing on the preferred shares issued by a subsidiary company in conjunction with the acquisition of Tinky Rentals L.P. and Tinky Trucking L.P. which was completed September 15, 2008.

Q2 covers the period from August to October. This has traditionally been a breakeven quarter even at the best of times. During more normal times, during this quarter the drilling and servicing industry is gearing up for the winter drilling season. In Q2'10 drilling and well servicing utilizations were significantly below normal expectations and this contributed to a slower than normal quarter. Regular production runs which mainly sustained operations through this slow period were also hampered by reduced output due to

deferred maintenance in the fields. Other factors which normally affect this quarter are weather conditions, commodity prices and the timing of customer capital budget expenditures.

### **Outlook**

The long term outlook for Dalmac's products and services remains positive. However, in the short term, much of the demand for the Company's products and services remains linked to the economic conditions of the energy industry. Drilling and exploration activity in the Western Canadian Sedimentary Basin ("WCSB") has been adversely affected by low natural gas prices and higher than normal natural gas inventories. The Company has noticed activity levels picking up in west central Alberta. As of December 8<sup>th</sup>, 2009, according to the Canadian Association of Oilwell Drilling Contractors ("CAODC"), 222 or 38% of the drilling rigs in Alberta were being utilized. This represents a 16% utilization increase from the 126 rigs which were working at October 31, 2009.

The long term fundamentals still point to an increasing demand for oil and gas. Given the increasing decline in production rates in the Western Canadian Sedimentary Basin ("WCSB"), more drilling will be required to maintain current production levels.

We seek Safe Harbor.