Third Quarter Interim Period Ended January 31, 2010
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This Management Discussion and Analysis ("MD&A") prepared March 28, 2010 focuses on key statistics from the unaudited consolidated financial statements of Dalmac Energy Inc. for the three and the nine months ended January 31, 2010 respectively referred herein as "Q3'10" and "YTD'10". The comparable periods in the preceding year are referred to as "Q3'09" and "YTD'09". This MD&A pertains to known risks and uncertainties relating to Dalmac's operations in the oilfield services industry and should be read in conjunction with the Corporation's corresponding financial statements for the same periods. Information contained herein should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions. The Corporation's financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("GAAP"). The Corporation's MD&As 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 or on the Corporation's web site at www.dalmacenergy.com.

Non-GAAP Measures: *Dalmac uses certain non-GAAP measures as indicators of financial performance and believes that these non-GAAP measures provide useful information to shareholders. EBITDAS and gross margin are measures used by the Company and which have no standardized meaning under GAAP. The Company's method of calculating EBITDAS and gross margin may differ from other companies and may not be comparable. EBITDAS is defined as earnings before interest, taxes, depreciation and amortization, gain or loss on sale of property, plant and equipment, and stock based compensation. Management believes that in addition to net income, EBITDAS is a useful supplemental measure which provides an indication of the operating cash flow generated by the Company. EBITDAS is not intended to represent an alternative to net income as determined in accordance with GAAP as an indicator of the Company's performance. Gross margin is defined as revenue less cost of sales. Cost of sales includes direct labor and costs directly associated with the provision of goods and services.*

Forward Looking Statements*: 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 Corporation to be materially different from any future results implied or contemplated by such forward looking statements. Some of the risks that may cause actual results to vary are described under the "Business Risks" section. References made in this MD&A, to "Dalmac", the "Corporation", the "Company", "us", "we" and "our" mean Dalmac Energy Inc. and its subsidiaries Dalmac Oilfield Services Inc., 1421771 Alberta Ltd. and 1353245 Alberta Ltd.*

Overview

Headquartered out of Edmonton, Dalmac Energy Inc.'s (TSX Venture "DAL") operations have been servicing west central Alberta for over 54 years. Dalmac provides oilfield services consisting of fluid hauling, hot oiling, acid flush, hydro-vacing, chemical sales, steamer, picker, winch trucks, tank rentals and rig moving. The Company has approximately 165 pieces of rolling stock assets and about 250 pieces of oilfield rental assets mainly comprised of storage tanks and rig matting. Dalmac has field operations in Fox Creek, Hinton, Edson, Warburg and Pigeon Lake, Alberta. Dalmac currently employs approximately 100 people.

Operating Results

Apart from using the abbreviations "Q3'10" and "YTD'10" for referencing the three and nine months ended January 31, 2010, other abbreviations include "YE'09" for the year ended April 30, 2009, "M" for millions and "K" for thousands.

Total revenue for Q3'10 decreased by 29%, to $4.7M from the $6.5M reported at Q3'09. As a result of the forgoing, the gross margin for Q3'10 decreased by 36% to $1.2M from the $1.9M reported in Q3'09. From spring break up until December 2009 oil field services were adversely impacted by the world wide recession, low commodity prices, provincial royalty rates, and decreased capital expenditures on behalf of the producers. Activity levels in the oil field services sector, which usually begins to gear up for the winter drilling season in September, didn't commence until January 2010. Much of the increased drilling activity in our area stemmed from the revised interest in the oil reserves of the Pembina - Cardium formation in west central Alberta. The Petroleum Services Association of Canada ("PSAC") is forecasting that 2010 will see more oil than gas wells drilled in Alberta for the first time in 40 years. According to the Energy Resources Conservation Board ("ERCB") the Alberta Cardium formation is said to contain about

10 billion barrels of oil in place of which about 70% is still in the ground. With the introduction of recent multi stage fracing technology that is now available, this oil is now economically accessible. This turn of events is a boon to Dalmac whose operations are well situated in the Cardium zone.

YTD'10 revenue decreased by 25% to $11.8M from the $15.7M reported at YTD'09. This decrease in revenue is consistent with the above description of our activity. The gross margin for YTD'10 decreased 50% to $2.2M from the $4.4M reported in YTD'09.

The payment of dividends is associated with 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.

In response to economic down turn over the past 9 months the Company has negotiated several first call servicing agreements with new customers and has managed to start raising its rack rates in certain operating areas starting in February 2010 and will have expanded the new rates to all the operating areas by May. The Company is still continuing its streamlining of management and administration costs and expects further savings from those efforts over the next quarter.

Selected Financial Information

(000's Cdn Dollars, except per share)	Q3'10	Q3' 09	YTD' 10	YTD' 09
Revenues	4,661	6,535	11,785	15,671
Gross Margin	1,188	1,867	2,236	4,434
Gross Margin %	25%	29%	19%	28%
General and administrative expenses*	351	365	1,026	980
EBITDAS (loss)	300	1,005	(354)	1,472
EBIDTAS per share - basic	0.02	0.08	(0.03)	0.11
Dividends	11	0	72	0
Stock based compensation	7	18	18	61
Interest	150	232	453	574
Amortization	500	494	1,490	1,329
Net income (loss)	(369)	236	(2,180)	(41)
Net income (loss) per share - basic	(0.03)	0.02	(0.17)	(0.00)
Net income (loss) per share - diluted	(0.03)	0.02	(0.17)	(0.00)
Total Assets	21,994	26,952	21,994	26,952
Total long-term financial liabilities**	6,401	6,708	6,401	6,708
Shareholders' Equity	6,402	9,940	6,402	9,940
Weighted average common shares -basic	13,300,609	12,974,522	13,083,218	12,974,522
Weighted average common shares - diluted	13,300,609	12,974,522	13,083,218	12,974,522

* 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.

Reconciliation of EBITDAS to Historical Results (GAAP)

(000's Cdn Dollars)	Q3'10	Q3' 09	YTD' 10	YTD' 09
Net income (loss)	(369)	236	(2180)	(41)
Add:				
Income Tax (Recovery)	0	25	(229)	112
Interest on short and long term debt	150	232	453	574
Amortization - Tangible and Intangible assets	500	494	1,490	835
Gain (loss) on sale of assets	0.38	(1)	22	(70)
Dividends	11	0	72	0
Stock - based compensation	7	18	18	61
Sub-total	669	769	1,826	1,512
EBITDAS	300	1,005	(354)	1,472

In Q3'10 the EBITDAS decreased by $0.7M to $300K from the $1.0M reported in the same period last year. On a year to date basis the EBITDAS decreased by $1.8M to a loss of $354K from the $1.5M reported at the same in the previous year. Dalmac managed to address the losses incurred by refinancing certain of its assets in Q2'10 and by providing a equity injection of $500,000 (referenced under Working Capital in this MD&A). As a result the losses have not affected the working capital availability under the existing operation line of credit. Given the recent improvement in drilling activity, the Company expects to be cash flowing positive by the fiscal year end.

Expenses

In Q3'10 the expenses were down slightly as compared to Q3'09. Wages and benefits increased by $70K as a result of the addition of personnel to effect the administration restructuring. The bulk of the restructuring was completed by February 2010 after which administration costs are expected to decrease by about $20-25K per month from their previous levels. On a year to date basis the expenses increased by 8% to $4.6M from the $4.2M reported at the same period last year. The majority of this increase is due to a 12% increase in amortization and the aforementioned administration restructuring which was a necessary offset to achieve the cost savings referenced above.

The amortization of property and equipment for Q3'10 increased marginally to $498K from the $492K reported in Q3'09. The year to date amortization increased 12% to $1.5M compared to the $1.3M reported at the same period last year. Amortization amounts are dependent on the timing of additions to property and equipment.

The total interest expenses for Q3'10 decreased by 35%, to $150K from the $232K reported in Q3'09. Interest expenses year to date decreased 21% to $453K from the $574K reported in the previous year. This is consistent with the general decrease in interest rates.

All financing done through the Corporation's bank is referenced as callable debt. Callable debt was used for purchases of equipment and property referenced in this and earlier MD&As for previous periods.

Stock based compensation expense, which is a non-cash expense that is recorded in accordance with GAAP each time stock options are issued, decreased 59% for the reported quarter to $7.2K from the $18K reported in Q3'09. The year to date decrease was 70% to $18K from the $61K reported at the same period in the preceding year. The stock option expense has been calculated in accordance with the Black-Scholes option pricing model. Stock based compensation is not referenced independently in the financial statements but is included as part of wages and benefits.

All the stock options relating to this stock based compensation expense are subject to a three year vesting period.

Income Taxes
At Q3'10 the company was not in a taxable position. The Company recorded a future tax benefit of $225K for the nine months ending January 31st, 2010.

Summary of Quarterly Results

(000's Cdn Dollars, except per share data)	Q3'10 Quarter Ended 31-Jan-10	Q2'10 Quarter Ended 31-Oct-09	Q1' 10 Quarter Ended 31-Jul-09	Q4' 09 Quarter Ended 30-Apr-09
Revenue	4,661	3,557	3,567	6,200
Net income (loss)	(369)	(1,007)	(805)	(2,414)
Net income (loss) per share - basic	(0.03)	(0.08)	(0.06)	(0.19)
Net income (loss) per share - diluted	(0.03)	(0.08)	(0.06)	(0.19)

(000's Cdn Dollars, except per share data)	Q3'09 Quarter Ended 31-Jan-09	Q2'09 Quarter Ended 31-Oct-09	Q1'09 Quarter Ended 31-Jul-09	Q4'08 Quarter Ended 30-Apr-08
Revenue	6,535	5,167	3,970	4,838
Net income (loss)	236	148	(425)	(390)
Net income (loss) per share - basic	0.02	0.01	(0.03)	(0.03)
Net income (loss) per share - diluted	0.02	0.01	(0.03)	(0.03)

Liquidity and Capital Resources
The Company's capital requirements consist primarily of working capital necessary to fund operations, capital expenditures related to the purchase of operation equipment and capital to finance strategic acquisitions. Sources of funds available to meet these capital requirements include cash flow from operations, external lines of credit, equipment financing, term loans and access to equity markets.

Liquidity and capital resources are dependent upon the results of operations, commodity prices, capital expenditures and debt service charges. Cash flow from operating activities, increased in the Q3'10 to $252K from the $19K reported in Q3'09. On a year to date basis, cash flows from activities decreased to $725K from the $1.1M reported for the same period last year. Cash and cash equivalents at Q3'10 increased to $467K from $152K in the comparable quarter. On a year to date basis the cash and equivalents increased by 207% to $467K from the $152K in the previous year.

Long-Term Debt
At Q3'10 the long term debt, increased by 38%, to $3.9M from the $2.8M reported at YE'09 as a result of the refinancing of some current debt and subsequently reclassifying it as long term.
This refinancing was referenced in the Q2'10 MD&A and financial statements.

As of YTD'10 callable debt decreased by 21%, to $2.4M from the $3.0M reported at YE'09. The capital lease obligations also decreased by 26%, to $122K from the $165K reported at YE'09. Total bank indebtedness on the operating line decreased by 33% or $914K to $1.9M from the $2.8M reported at YE'09.

Working Capital
The Company continues to generate funds from operations sufficient to meet its primary monthly obligations. The Company's primary capital needs have been the funding of accounts receivable, debt service payments and capital expenditures. However, as working capital levels may vary primarily due to seasonal fluctuations and timing of payments and receipts, the Company utilizes its operating credit facility which assists with the timing of cash flows as required. Over the past year the global markets have experienced a significant downturn due to the ongoing worldwide financial crisis. This situation may have an impact on the Company's ability to renew the credit facility on similar terms. Management will continue to monitor the impact of potential changes in the credit markets making necessary adjustments and continue to work on minimizing its working capital requirements which include a primary focus on reducing operating costs.

As of Q3'10, excluding callable debt and callable capital lease obligations due beyond one year, the Company had a working capital deficit of $3.8M compared to $3.4M at YE'09. The working capital deficit calculation includes $2.8M current portion of long term debt obligation and a $1.9M banking credit line balance. The Company is required by its principal lender to test for covenant breaches on an annual basis. As a result of the losses incurred year to date, the Company has failed to comply with the working capital requirements during YTD'10 and does not expect to be in compliance with the working capital and the debt servicing covenants as required by its principle lender at year end. In an attempt to improve working capital, on January 25, 2010, the Company completed a private placement of 5,000,000 units at a price of $0.10 which raised $500,000. Each Unit consisted of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of $0.15 per share if exercised within two years. Approximately 75% of this placement was taken up by directors, management and employees of the Corporation. Additional efforts to improve working capital may include the further disposition of non essential assets and alternative financing arrangements. The Company is currently reviewing a proposal which will increase its operating line from $2.0M to $4.0M

Dalmac believes it has sufficient or access to sufficient working capital whether from operational cash flow, debt or equity financing, to fund its ongoing business requirements.

Capital Management
With the governing objective to ensure sufficient capital to fund its ongoing business requirements, the Company evaluates the risk associated with its underlying assets by constantly evaluating the economic conditions and relevant business risks. The Company's objectives in managing capital are:

- to protect the Company's ability to function as a going concern
- to continue to provide value to the shareholders and other stakeholders
- to provide adequate return to shareholders by pricing its services appropriately
- to finance its operations properly in accordance with its growth strategies

In order to maintain or adjust the necessary capital structure, the Company may issue new shares, or sell assets to reduce debt.

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

		2010	2011	2012	2013	2014	2015
Equipment	$	31,388	11,187	6,371	4,352	2,909	
Premises		571,349	506,562	353,730	109,633		
Management Contracts		379,247	180,229	143,365	143,365	143,365	77,656
	$	981,984	697,978	503,466	257,350	146,274	77,656

Management contracts: The Company pays consulting fees of $10K per month, pursuant to a contract expiring on September 1, 2010. In addition, if the Company's net income after tax reaches or exceeds $800K, the contract agreement requires a bonus payment of 2% of the Company's net income after tax. The Company also pays consulting fees of $10K per month, pursuant to a contract that expired on September 15, 2009 and continues on a month to month basis. In addition, the consultant is entitled to a bonus based upon EBITDA to a cumulative maximum bonus of $200K. Also as referenced in the YE'09 MD&A, the Company pays a related party a consulting fee of $12K per month pursuant to an agreement expiring on November 14, 2014. In addition, if the Company's net earnings before tax reach $500,000, the agreement requires a bonus payment of 5% on the first $500,000 of the Company's earnings before tax, 6% on amounts between $500,001 and $800,000, 7% on amounts between $800,001 and $1,000,000 and 7.5% on amounts over $1,000,001.

Shareholders' Equity

Consistent with the results of operations, shareholders' equity decreased by $1.7K to $6.4M from the $8.1M reported at YE'09.

Related Party Transactions

In Q3'10 the Company leased premises from a company controlled by a director of the Company for a total consideration of $41K which represents an increase of $21K over the $20K paid during Q3'09. This increase is due to an expansion of the shop facilities which was required in the normal course of business and the subsequent lease arrangements entered into at fair market value. The Company is indebted to a director of the Company for an amount of $53K (Q3'09 - $110K). An interest expense of $1.2K (Q3'09 - $1200) has been paid to that director during the quarter.

During Q3'10 the Company paid or accrued management and consulting fees to a company controlled by a director in the amount of $36K, compared to $37K in the previous quarter.

The aforementioned transactions are in the normal course of operations and have been valued in the financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Outstanding Share Data

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

Common Shares	Options	Warrants
17,974,522	775,000	5,000,000

Subsequent Events
With activity levels beginning to pick up the Company is reviewing alternative financing arrangements that will increase its line of credit availability from $2.0M to $4.0M. This will allow the Company quicker access to working capital when activity levels increase. Current efforts are underway to put a workable line of credit facility in place. Also as part of the restructuring process the Company has closed the Hinton division and reallocated the assets amongst the remainder of the divisions where they can be better utilized. Dalmac will continue to service the Hinton area from its Edson and Fox Creek locations.

Outlook
Winter oilfield activity for Dalmac started later than normal this year. It was not until January 2010 that we saw drilling activity levels begin to pick up. However, when they did pick up, they neared record levels. According to Nickle's Daily Oil Bulletin Alberta had drilling rig utilizations around 60-65% for the month of January which marks a considerable improvement over the 40% at the same time last year. For February 2010, the utilization level reached over 70%. A significant factor in this development is the story of an all but abandoned oilfield which suddenly transformed into one of Canada's biggest light oil opportunities. Since January the industry was abuzz with excitement about the oil production prospects in the west central Alberta's Cardium zone. With about 70% of the original 10 billion barrels of oil still in place, the Pembina - Cardium zone development has been touted as "a game changer". Recent technological advances associated with multi stage fracing have made this oil economically extractable from tight rock formations. The Petroleum Services Association of Canada ("PSAC") predicts that 2010 will see more oil than gas wells drilled in Alberta for the first time in 40 years. Other encouraging developments include the recently revised royalty rates introduced by the Alberta government which will lend to longer term stability for investment in the energy sector. These developments, coupled with the news that Canadian Association of Oilwell Drilling Contractors ("CAODC") has raised its drilling forecast for the Western Canadian Sedimentary Basin ("WCSB") by about 1000 wells to near 11,000 for 2010, is definitely welcome news. Dalmac is well situated in the geographical area to take advantage of the new opportunities arising from the Cardium development. According to CEO John Babic, "Dalmac needs only a small segment of this forecasted drilling activity, about 20 -30 decent new wells to keep our operations working full tilt for the year."

The long term outlook for Dalmac's products and services are looking more positive than one year ago. Presently, the majority of Dalmac's current revenue stream is still derived from existing production services, which excludes drilling and well workovers. Any further increase in drilling, activity will only serve to increase the Company's revenue base. The Company is focused on increasing its relationships with new customers in the Cardium zone while at the same time maintaining and developing stronger and prosperous working relationships with existing and established customers. Dalmac's goal is to provide our customers with a broad range of products and services that provides the best solution for their operational needs while maintaining an optimal balance of exposure to both drilling and production operations.

The long term fundamentals still point to an expanding 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.

Risk Management
Financial Instruments and Financial Risk Management: On May 1, 2007, the Company adopted CICA Handbook Sections 1530 "Comprehensive Income", Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement", Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new standards have been adopted on a prospective basis with no restatement of prior periods.

As a result of adopting section 3855, the Company has designated its financial instruments as follows: cash and cash equivalents as held for trading ("HFT"), which is measured at fair value; accounts receivable are classified as loans and receivables which are measured at amortized cost; bank indebtedness, long term debt, callable debt, accounts payable and accrued liabilities, and capital lease obligations are classified as other financial liabilities which are measured at amortized cost. Transaction costs associated with the Company's debt facilities are no longer presented as a separate asset on the balance sheet but are offset against the debt. Transaction costs are no longer amortized on a straight-line basis over the life of the debt but are amortized using the effective interest method.

The Company has reviewed its contracts and concluded there are no embedded derivatives at this time.

Also on May 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Sections 3862 "Financial Instruments - Disclosures", Section 3863 "Financial Instruments -Presentation" and Section 1535 "Capital Disclosures". Section 3862 "Financial Instruments - Disclosures" and Section 3863 "Financial Instruments - Presentation" replace Section 3861 "Financial Instruments – Disclosures and Presentation", revising disclosures related to financial instruments, including hedging instruments, and carrying forward unchanged presentation requirements. Section 1535 "Capital Disclosures" requires the Corporation to provide disclosures about the Corporation's capital and how it is managed. The adoption of these new accounting standards did not impact the amounts reported in the Corporation's financial statements; however, it did result in expanded note disclosure in the financial statements.

Business Risks: Activity in the oil and gas industry is subject to a range of external factors that are difficult to manage, including resource demand, commodity pricing and climate. These include risks associated with the current crises in the financial sector in the United States, which is having an impact on commodity prices, the availability of credit, and other factors that affect the business of the Company. The Company plans to mitigate these risks by focusing on strong balance sheet fundamentals and remaining responsive to changes in industry dynamics. The Company has a comprehensive insurance policy to help safeguard its assets, operations, and employees. This is reviewed annually and revised as changes in circumstances warrant.

Credit Risks: The Company currently transacts with oil and gas exploration companies and is exposed to the associated credit risk. Management continually assesses the credit worthiness of these customers and monitors all outstanding balances. Management views the credit risk of its account receivables as normal for its industry.

Financing Risk: The ability of the Company to complete its budgeted capital acquisition program and meet its payment obligations as they become due will continue to be dependent on its ability to secure sufficient funds through additional debt and equity financing and to generate positive cash flow from operations.

Supplier Risk: The Company has a large portion of its service equipment and associated equipment manufactured by a single provider. While this arrangement provides certain market advantages, it also exposes the Company to potential short-term vulnerability if this supplier experiences unusual production disruptions or labor disputes.

Seasonal and Weather Risk: Seasonal factors and unexpected weather patterns may lead to reduced oil and gas exploration activity and corresponding declines in the demand for the Company's services during various times of the year.

Competitive Conditions: The operating climate within the Western Canadian Sedimentary Basin is very competitive resulting in fluctuations of price and utilization rates. Dalmac attempts to mitigate these risks by creating good working relationships with its customers while focusing more on production operations and on longer term contracts.

Changes in Accounting Policies

In February 2008, the Accounting Standards Board ("ASB") issued Section 3064 "Goodwill and Intangible Assets", which replaces Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". This section is effective for the Company for interim and annual consolidated financial statements beginning on May 1, 2009. This Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are aligned with IFRS IAS 38 "Intangible Assets" pursuant to International Financial Reporting Standards ("IFRS"). The company is currently evaluating the impact of this new standard.

In February 2008, the ASB confirmed the Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011 with early adoption allowed starting in calendar year 2009. The conversion to IFRS will be required for the Company for interim and annual consolidated financial statements beginning on May 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP but there are significant differences on recognition, measurement and disclosures. The Company is currently conducting its scoping evaluation in order to prepare for the adoption of IFRS with regards to the significant areas that IFRS will have an impact on its consolidated financial statements.

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