

For Immediate Release

March 22, 2007

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

**Edmonton, Alberta – John Babic, President and CEO of Dalmac Energy Inc.** ("Dalmac") (TSX Venture "DAL") announces the operating results of the three month ("Q3'07") and nine month periods ("YTD'07") , ended January 31, 2007.

During Q3'07 Dalmac earned a net income of \$401,642 (\$0.03 per fully diluted share) on revenues of \$3.2 million. 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. 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. The year to date revenues has 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 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. This 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. Additional financial information is filed on [www.sedar.com](http://www.sedar.com).

**Summary of Quarterly Results**

*(in thousands of dollars, except per share amounts)*

	Quarter ended		Year to date ended	
	31-Jan-07	31-Jan-06	31-Jan-07	31-Jan-06
Revenue	\$3,186	\$4,533	\$7,561	\$10,812
Net income (loss)	402	412	38	207
Net income per share - basic	\$0.03	\$0.06	\$0.005	\$0.03
Net income per share - diluted	\$0.03	\$0.05	\$0.004	\$0.02
Long Term Debt			3,565	3,455
Shareholder's Equity			9,562	3,342
<b>Weighted average number of shares</b>				
Basic	12,381,096	7,466,768		
Diluted	13,288,285	8,633,547		

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. 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.

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.

## 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 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.

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

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. 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.

For further information, please contact John Babic, at (780) 909-4220, by fax at (780) 465-0199 or by email at [jbabic@dalmacenergy.com](mailto: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.*