

**DALMAC ENERGY INC.**  
(the "Corporation")

**PRESS RELEASE**

October 31, 2006

*DALMAC INCREASES CREDIT FACILITIES*

**Edmonton, Alberta** – John Babic, President and CEO of Dalmac Energy Inc. ("Dalmac") (TSX Venture Exchange: DAL) announces that Dalmac has expanded its credit facility with the Canadian Western Bank to \$9.0 million dollars of its credit facilities. The expanded facility includes an operating overdraft loan (line of credit) set at a maximum of \$3,000,000 (expanded from \$1.5 million) and a \$6,000,000 (expanded from \$1.5 million) non-revolving loan for equipment purchases.

In addition, Dalmac has received an additional credit facility for equipment purchases from Daimler Chrysler Truck Financial to provide a non-revolving capital expenditure line of credit for the acquisition of production equipment in the amount of \$5.0 million dollars. These combined credit facilities will provide Dalmac with an additional \$11.0 million dollars in equipment purchase financing.

Dalmac is proceeding with a \$5.0 million purchase of new operating equipment as announced earlier, and is currently reviewing expansion opportunities, including 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 term 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 e-mail at [jbabic@dalmacenergy.com](mailto:jbabic@dalmacenergy.com).

*Statements in this release 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 Company to be materially different from any future results implied by such forward looking statements.*

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