

For Immediate Release

December 27, 2006

**Second Quarter Interim Report
For the Three and Six Months Ended October 31, 2006**

Edmonton, Alberta – John Babic, President and CEO of Dalmac Energy Inc. ("Dalmac") (TSX Venture "DAL") announces the operating results of second and six month quarter of fiscal 2007, ended October 31, 2006.

Dalmac's second quarter is traditionally a marginal quarter following up on the heels of decreased summer activity. It is also a ramping up period for the busy winter season ahead. In preparation for the increased winter activity, the Company normally increases its hiring and training programs along with final winter equipment preparations.

Dalmac's second quarter financial result were affected by the slow down in recent drilling activity, much of which occurred during the quarter ended October 31, 2006 and was a reaction to the fall out in natural gas prices. This fact, along with the concurrent weather issues and road closures, has had a compounding impact on Dalmac's second quarter utilization levels. During this period, approximately 45% of Company equipment has been allocated within the drilling sector. In a continuing effort to maintain a healthy balance between servicing the drilling and production sectors, Dalmac has committed the bulk of the \$5.0 million purchase of new equipment, scheduled to be delivered in the third quarter of this fiscal year to the production sector. Operations in the production sector require specialized sour sealed equipment such as is currently on order with the new equipment. The Company has already received commitments for the deployment of this equipment. As more assets get redeployed into production the expected results should yield higher utilization levels and greater revenue. Drilling activity is also expected to return to traditional seasonal levels during the winter months, similar to those experienced in the previous year,

As a result of lower drilling activity, inclement weather and road closures, the revenue for the second quarter decreased by \$1.2 million to \$2.2 million or 36% from the \$3.5 million reported in the same quarter last year. The year to date revenues have decreased by \$1.8 million to \$4.4 million or 30% from the \$6.3 million reported at the same period last year. The second quarter ending October 31, 2006 accounts for 67% of the decrease in year to date revenue.

Net loss for the second quarter of fiscal 2007 decreased by \$283,154 to a loss of \$255,356 from the \$32,798 of earnings reported last year. Loss per share was two cents, a decrease from earnings per share of one cent in the same period of the previous year. Year to date net income for the six months ended October 31, 2006 decreased by \$159,228 to a loss of \$364,244 from the \$205,016 loss reported in the previous year. On the positive side, the year to date long term debt decreased by \$1.0-million dollars to \$2.6-million or 26% from the \$3.5-million reported in the same six month period of the previous year. Also shareholder equity increased by \$4.3-million to \$14.0-million or 44% from the \$9.7-million reported in the previous year.

Summary of Quarterly Results

(in thousands of dollars, except per share amounts)

	Quarter ended		Year to date ended	
	31-Oct-06	31-Oct-05	31-Oct-06	31-Oct-05
Revenue	\$2,226	\$3,472	\$4,420	\$6,279
Net income (loss)	(255)	30	(364)	(205)
Net income per share - basic	(\$0.02)	\$0.01	(\$0.02)	\$0.01
Net income per share - diluted	(\$0.02)	\$0.01	(\$0.02)	\$0.01
Long Term Debt			2,572	3,473
Shareholder's Equity			13,926	9,663

Outlook

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 to achieve success for the Company

The second quarter of fiscal 2007 has witnessed a temporary reduction in drilling activity due to gas commodity pricing and issues over day rates for drilling services. There has also been an extension of weather and road closure issues to deal with. A three-month bridge closure on the Big Stone road northwest of Fox Creek, Alberta has impaired revenue by about 24%. Also, the main ANC haul road southwest of Fox Creek has experienced travel restrictions for about 79% of the time during the six months ended October 31, 2006. These issues are expected to rectify themselves in the winter months.

Activity levels in the third quarter have recovered from the end of the second quarter but are still affected by early winter conditions which hamper mobility and the utilization of equipment. Also, by the end of the second quarter ended October 31, 2006, commodity prices have recovered to a fair extent. Natural gas, which has been the main driver behind drilling activity, has gone through a period of reduced demand due to high storage levels. It is 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 tend to propagate continued activity. Exploration and production from the Western Canadian Sedimentary Basin is also continuing at near record levels. This, in turn, creates a healthy environment for Dalmac's services in the foreseeable future.

Higher commodity prices and increased drilling activity will continue to generate a steady and growing demand for Dalmac's services. The continuing demand to increase the extraction of production from field operations creates excellent growth opportunities for Dalmac. Continued demand for Dalmac's services in production activities encourages the expectation of ongoing growth in revenue.

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.

Dalmac Energy Inc. provides "hot oiler", "hydro vac", "vacuum", "pressure" and "tanker truck" services to the west central Alberta energy sector. Other products and services provided by the Company include "methanol/glycol", and "KCL" distribution and delivery. The Company presently has a total of 67 service units. With the receipt of the \$5.0 million of new equipment, expected in Q3' 07, the number of service units will rise to 89.

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.

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 McClelland Oil Services Inc

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