

Press Release

For Immediate Release

October 23, 2006

Dalmac Energy Intends to Conduct Issuer Bid

Edmonton, Alberta – John Babic, President and CEO of Dalmac Energy Inc. ("Dalmac") (TSX Venture "DAL") announces that it intends to carry 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 presently outstanding.

The Board of Directors of Dalmac believes that the current market price of the Corporation's common shares does not properly reflect the value of those shares. The current market price of the common shares is below the present per share book value of the Corporation. As a result, Dalmac's shares may become available for purchase at prices which makes such purchase an appropriate use of the Corporation's funds.

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. This issuer bid is subject to acceptance by the TSX Venture Exchange.

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.

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