

DAYBREAK SIGNS AGREEMENT WITH ANADARKO

Spokane, Washington – November 2, 2006 - Daybreak Oil and Gas, Inc. (OTC Bulletin Board: DBRM.OB) a Washington Corporation, has finalized a “drill to earn” lease agreement with Anadarko E&P Company, LP., a subsidiary of Anadarko Petroleum Corporation (NYSE: APC) of The Woodlands, Texas. The lease covers approximately 5,680 acres in N.E. Louisiana. Daybreak and their partners now have approximately 20,965 net acres under lease for this project. The lease requires one well to be drilled on each side of the Tensas River in Tensas and Franklin Parishes, within a six month time period. Daybreak expects a drilling rig to be on site in November 2006.

In January of 2006, Daybreak and their partners drilled the Tensas Farms F-1 well. The well was completed and placed into production in June of this year.

Robert Martin, President of Daybreak Oil and Gas stated, “I believe this project to be of significant economic potential and will give Daybreak the opportunity to quickly drill large potential targets at medium risk. I am appreciative of the tremendous effort by the staff of Daybreak and its partners, both financial and industry, to make the initial discovery and accumulate the necessary acreage, increase its net interest position and secure a drilling rig to carry out the development of the project.”

Daybreak Oil and Gas Inc. is a junior oil and gas company that has secured significant interests in several oil and gas plays in the Gulf Coast region of Texas and Louisiana as well as the east slopes of the San Joaquin Basin in California. The project areas are in and around major petroleum and gas producing regions. The selected targets are fields in the one million barrel range for the lower risk plays and up to 100 million barrels in the higher risk projects.

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