DAYBREAK ENCOUNTERS HYDROCARBON SHOW

Spokane, Washington – December 24, 2005 -- Daybreak Oil and Gas, Inc. (OTC Bulletin Board:DBRM.OB) as part of a joint venture with MPG Petroleum Inc. has encountered a hydrocarbon show while drilling the MPG Curlee # 1 well on the Ginny South prospect in San Patricio County on the Gulf Coast of Texas.

This hydrocarbon show was encountered at the 7,632 foot Frio sand, and was located structurally higher, up dip from the same sand in the No. 1 Easley well drilled in 1966. The MPG Curlee #1 target depth of 9,550 feet is expected to be achieved in the next several days. In August 1966, Roy M. Huffington Inc. drilled the No. 1 Easley well on the Ginny South prospect to test the Lower Frio. Analysis of the well logs has shown the Middle Frio zones are possibly capable of production. MPG Curlee #1 is approximately 1,000 (one thousand) feet northeast of the No. 1 Easley well.

DAYBREAK CLOSES PRIVATE PLACEMENT OFFERING

Daybreak Oil and Gas, Inc. has closed a private placement offering that has been in progress to raise operating capital. The private placement raised $1,100,000 (one million, one hundred thousand). The shares of Daybreak common stock were offered at a price of $0.25 (twenty-five cents) per share. A total of 4,400,000 shares of Daybreak common have been issued. The private placement was over subscribed by $100,000 (one hundred thousand) or 10% (ten percent).

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Certain statements contained herein constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Information contained herein contains "forward-looking statements" which can be identified by the use of forward-looking terminology such as "believe","expect","may","should","up to","approximately", "likely", or "anticipates" or the negative thereof or given that the future results covered by such forward looking statements will be achieved. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only for the date the statement was made. Investors should carefully consider the preceding information as well as information contained in any news release before making any investment in the shares of the company. Daybreak Mines, Inc. undertakes no obligation to update any forward-looking statements.