

# **DAYBREAK OIL AND GAS, INC.**

## **Director Education Policy**

The shareholders of Daybreak Oil and Gas, Inc. are best served by a board of directors comprised of individuals who are well versed in modern principles of corporate governance and other subject matters relevant to board service, and who thoroughly comprehend the role and responsibilities of an effective board in the oversight and management of the Company.

To this end, all members of the Company's Board of Directors are encouraged to attend such director education programs as they deem appropriate (given their individual experiential backgrounds) to stay abreast of developments in corporate governance and "best practices" relevant to their contribution to the Board generally as well as to their responsibilities in their specific committee assignments and other roles.

The extent and subject matter of director education will vary for each director and is left to each director's individual discretion based on the totality of relevant factors including those set forth below.

- The director's specific responsibilities on the Board, including the various substantive committees to which the director is assigned and the role of the director within each committee. For example, a director serving on the Compensation Committee may elect to pursue director education emphasizing executive compensation issues, in addition to matters of general import in corporate governance.
- The director's experiential background in corporate governance and basic understanding of the role of the board of directors. For example, an individual with an extensive history of service on numerous boards may elect to forego primer courses addressing basic corporate governance issues based on his or her accumulated practical knowledge.
- The director's exposure to current developments in corporate governance and corporate administration through their professional endeavors, service on other boards of directors, or independent research or reading. For example, an individual from the accounting, legal or consulting profession may keep abreast on developments through the ordinary course of their professional activities without supplemental director education.
- The pace and materiality of regulatory and other developments relating to corporate governance and corporate management. For example, a director may determine that supplemental director education is required to stay apprized of rapidly developing new regulations such as those currently being promulgated under the Sarbanes-Oxley Act of 2002.

Appropriate areas of director education need not be confined to corporate governance topics *per se* and may include such broader topics as accounting, finance, general business, environmental, health and safety and human resource management, as each director deems appropriate to enhance his or her effectiveness.

In order to encourage continuing director education, the Company will reimburse directors for all costs of attending director education programs under this policy. Amounts reimbursed include all costs associated with attending each program, including tuition, travel, lodging, and meals. Directors serving on multiple boards are encouraged to obtain pro rata reimbursement of their director education expenses from each corporation that they serve, but the Company will nonetheless reimburse 100% of the costs if this is not practicable.

One or more members of the Company's Nominating and Corporate Governance Committee will meet with each director on an annual basis to determine the director-education activities of such director during the previous 12-month period. The Nominating and Corporate Governance Committee is authorized to make such director-education recommendations to individual directors as the Nominating and Corporate Governance Committee may deem necessary or appropriate to accomplish the purposes of this policy.

Nothing in this policy shall be construed to require any director to attend or participate in any director education program nor shall the failure of any director to attend or participate in any such program be construed to suggest that such director has failed to fully carry out his or her duties and responsibilities or is not well versed in matters relating to the role and responsibilities of an effective board of directors.

Nothing in this policy shall be construed to require any director to undertake to gain, possess or exercise any independent knowledge of, or expertise in any specific law, regulation or professional discipline. All directors are entitled to rely on advice of Company management, legal counsel, internal auditors, independent accountants and other employed professionals on all matters relating to the Company's operations, financial performance, and regulatory obligations.

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