Daybreak Increases AMI Size in San Joaquin Basin

Spokane, Washington- February 21, 2006- Daybreak Oil and Gas, Inc. (OTC Bulletin Board: DBRM. OB) a Washington Corporation, today announced the size of the Area of Mutual Interest (AMI) in the southern San Joaquin Basin in California, has increased by approximately 400% to cover about 2,500 square miles. The AMI previously covered about 600 square miles. Daybreak and its strategic alliance partner, Nomad Hydrocarbons Ltd. have now added 1,200 acres under lease within the AMI. Plans call for the first 3-D seismic surveys of the AMI to commence in early summer of 2006.

The Strategic Alliance expects an initial capital budget of $2 million to lease lands over the leads, run up to three 3D seismic surveys and drill 2 wells. Additional leases are targeted within the AMI.

The San Joaquin Basin is a prolific oil producing area with a long history of production. In the vicinity of the proposed work area, two prominent fields produced 435.5 and 20.6 million barrels of oil respectively from the Pyramid Hills and Vedder sands. The production is from shallow depths of 1000 to 3000 feet and the oil is of low to medium gravity (13 to 22oAPI).

Daybreak Oil and Gas, Inc. also announced today that it will not be executing an additional funding option available under the financing agreement signed with Genesis Financial, Inc. in December 2005. The financing agreement had previously been announced by Genesis. This decision by Daybreak was made to minimize stock dilution to Daybreak's shareholders.

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Certain statements contained in this News Release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Information contained in this news release 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 the news release before making any investment in the shares of the company. Daybreak Oil and Gas, Inc., undertakes no obligation to update any forward-looking statements contained in this news release.