

## **Daybreak Oil & Gas, Inc. Reports Removal of "Going Concern" Language in its Financial Statements; Posts Excerpt From Annual Shareholders' Meeting**

SPOKANE, Wash., July 18, 2008 -- Daybreak Oil and Gas, Inc. (OTC Bulletin Board: DBRM) ("Daybreak" or the "Company") a Washington Corporation, is pleased to announce that the Company's independent public accounting firm, Malone & Bailey, PC, has reissued their audit opinion removing the "going concern" language. The Company has filed an amended Form 10-KSB for its year ended February 29, 2008, reflecting the new opinion. This action is a result of the Company's recently completed sale of its Tuscaloosa properties in which the Company received \$8 million dollars in cash.

Timothy Lindsey, President and Chief Executive Officer stated, "This is a major milestone in the Company's history and further proves the strengthening of the financial condition of Daybreak. This action will allow the Company to have greater financial flexibility in operating the Company without the restrictions that typically occur when companies have this language attached to its financial statements. As a result, Daybreak will now be able to press forward with its operational plans with greater flexibility and speed."

The Company has posted the operational summary from the Annual Shareholder Meeting held on June 26, 2008 on its website at [www.daybreakoilandgas.com](http://www.daybreakoilandgas.com).

For more information about Daybreak Oil and Gas Inc., please visit its website at [www.daybreakoilandgas.com](http://www.daybreakoilandgas.com).

Contact:

Tim Lindsey	Telephone: 281-253-4576
	Email: <a href="mailto:timl@daybreakoilandgas.com">timl@daybreakoilandgas.com</a>
James Westmoreland	Telephone: 713-829-6062
	Email: <a href="mailto:jimw@daybreakoilandgas.com">jimw@daybreakoilandgas.com</a>

"Safe Harbor" Statement under Private Securities Litigation Reform Act of 1995: 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.