

**DAYBREAK OIL AND GAS, INC.**

**NOMINATING AND CORPORATE GOVERNANCE COMMITTEE  
OF THE BOARD OF DIRECTORS  
CHARTER**

As amended February 23, 2009

1. Purposes

The Nominating and Corporate Governance Committee (the “*Committee*”) will assist the Board of Directors (the “*Board*”) in fulfilling its responsibility to the Company and its stockholders by identifying individuals qualified to serve as directors and by recommending such individuals to the Board as nominees to fill any existing or expected vacancy on the Board. The Committee will also assist the Board in promoting the interests of the Company and its stockholders through the implementation of sound corporate governance principles and practices and the oversight of the evaluation of the Board and management.

2. Committee Membership; Chairman

The Committee will be comprised of two or more directors, as determined by the Board. Each member of the Committee will be appointed by the Board and continue to be a member until his successor is elected and qualified or until his earlier death, resignation or removal. Each member of the Committee will serve at the pleasure of the Board and thus may be removed, with or without cause, by the Board at any time.

The composition of the Committee shall satisfy all requirements as to independence prescribed from time to time under law or applicable listing exchange rules. The Committee shall additionally strive to maintain a substantial independent and diverse viewpoint among its members.

The Board may appoint one member to be the Chairman. If the Board fails to appoint a Chairman, the Committee will elect a Chairman by majority vote of all members. The Chairman will be responsible for the leadership of the Committee, including setting the agendas for and presiding over Committee meetings, making Committee assignments and reporting the Committee’s actions to the Board from time to time as requested by the Board.

3. Committee Meetings

The Committee will meet as often as may be deemed necessary or appropriate, as circumstances may dictate, but at least once each year. The time and place of each regular meeting will be determined by the Chairman. Special meetings may be called at any time by any member of the Committee.

Meetings of the Committee may be held telephonically.

All directors who are not members of the Committee may attend meetings of the Committee, but may not vote. In addition, the Committee may invite to its meetings any director, member of management of the Company, and such other persons as it deems appropriate. The Committee may also exclude from its meetings any persons (other than members of the Committee) it deems appropriate.

4. Committee Administrative Procedures, etc.

The Committee will conduct an annual evaluation of its performance. The Committee will also review the adequacy of this Charter annually and recommend to the Board such amendments thereto as the Committee may deem necessary or appropriate. This Charter may be modified from time to time or revoked at any time by the Board in its sole discretion, provided that no such modification or revocation will affect the validity or propriety of any action previously taken under this Charter.

The Committee will keep minutes or other records of its meetings and actions, which shall be recorded or filed with the books and records of the Company. Any member of the Board shall be provided with copies of such Committee minutes if requested. The Committee may adopt and establish its own rules of procedure consistent with this Charter.

The Committee will report regularly to the Board regarding the activities of the Committee. Such reports may include any recommendations the Committee deems appropriate and any other matters that are relevant to the fulfillment of the Committee's responsibilities or the exercise of its powers. Committee reports to the Board may be oral and may be made at any meeting of the Board.

For the transaction of business at any meeting of the Committee, a majority of the members will constitute a quorum. The act of a majority of the members present at any meeting of the Committee at which there is a quorum will be the act of the Committee, unless a greater vote is required by the Committee's rules of procedure.

5. Subcommittees

The Committee may delegate any of its responsibilities to a subcommittee so long as such subcommittee is solely comprised of members of the Committee.

6. Investigations; Access to Information; Consultants

In fulfilling its responsibilities, the Committee is empowered to investigate any matter brought to its attention, and will have direct access to the employees and advisors of the Company. The Committee may designate one or more members of management to assist the Committee in carrying out its responsibilities and exercising its powers.

The Committee will have the authority and appropriate funding to retain special legal counsel, search firms and other advisors and consultants to advise and assist the Committee in carrying out its responsibilities or exercising its powers, all at such times and on such terms as the Committee may determine to be appropriate. The Committee

will have the direct responsibility for the appointment, termination, compensation and oversight of such counsel, firms, advisors and consultants and will have sole authority to negotiate and approve their fees and terms of engagement.

7. Responsibilities Relating to Board Matters

The Committee will be responsible for establishing the standards and process for the selection of individuals to serve on the Board, which shall be approved by the Board, and will periodically review those standards and recommend any proposed changes to the Board for approval. The Committee will also be responsible for identifying potential candidates and recommending to the Board all nominees for election or re-election to the Board, whether by the stockholders at an annual meeting of stockholders or by the Board in the interval between annual meetings of the stockholders. No nominee will be recommended to the Board by the Committee unless the Committee determines such nominee to be qualified to serve on the Board.

In making that determination, the Committee should consider all factors it deems relevant, including integrity, sound judgment, business specialization, technical skills, diversity, independence, potential conflicts of interest and the extent to which the candidate would fill a present need on the Board. The Committee will also take into account any guidelines, criteria or qualifications established by the Board.

The Committee will review the independence and qualifications of each member of the Board and its various committees on a regular basis and make such recommendations to the Board as the Committee may deem appropriate concerning changes in the size or composition of the Board or any of its various committees.

8. Responsibilities Relating to Corporate Governance

The Committee will oversee the evaluation of the Board and management.

The Committee will review the certificate of incorporation and by-laws of the Company and recommend to the Board such amendments thereto as the Committee may deem necessary or appropriate.

The Committee will develop and recommend for adoption by the Board a set of corporate governance guidelines and principles. The Committee will review, on a regular basis, the set of corporate governance guidelines and principles adopted by the Board and recommend to the Board such amendments thereto as the Committee may deem necessary or appropriate.

The Committee will review and consider for approval any material related party transactions between the Company and its officers, directors and affiliates which are submitted in accordance with the Company's Policy Statement Regarding Related Party Transactions. The Committee will review such policy from time to time and recommend to the Board amendments thereto as the Committee may deem necessary and appropriate.

The Committee will review from time to time the Board's committee structure and recommend to the Board such changes thereto as the Committee may deem necessary or appropriate.

The Committee will confirm that each standing committee of the Board has in effect a charter approved by the Board and has been instructed to review its own charter at least annually.

The Committee will review each stockholder proposal duly and properly submitted to the Company and recommend to the Board such action with respect thereto as the Committee may deem necessary or appropriate.

The Committee will recommend to the Board such additional actions related to corporate governance matters as the Committee may deem necessary or appropriate from time to time.

9. Additional Responsibilities and Authority

The Committee will have such other powers and responsibilities as may be assigned to it by the Board from time to time.

The Committee is authorized to take, or cause to be taken, any and all such actions as the Committee, in its sole discretion, may deem appropriate or necessary to carry out its responsibilities and exercise its powers under this Charter, except that the Committee will not have or assume any powers, authority or duties vested in the Board which, under applicable law or any provision of the Company's certificate of incorporation or bylaws, may not be delegated to a committee of the Board.

Each member of the Committee is entitled to rely in good faith on information, opinions, reports or statements prepared or presented by (i) one or more officers or employees of the Company whom the Committee member reasonably believes to be reliable and competent in the matters presented, (ii) counsel, independent auditors or other persons as to matters which the Committee member reasonably believes to be within the professional or expert competence of such person or (iii) another committee of the Board as to matters within its designated authority which the Committee member reasonably believes to merit confidence.

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