

Daybreak Signs Agreements with California Oil & Gas, and Aspire Capital

Spokane, Washington – June 09, 2006 - Daybreak Oil and Gas, Inc. (OTC Bulletin Board: DBRM. OB) a Washington Corporation, today announced that Daybreak has entered into agreements with industry partners on two projects in Louisiana.

Daybreak has agreed to participate up to a 35% working interest in a prospect that is located on the crest of a large, intensively faulted and fractured anticline in the middle of a prolific fractured Lower Chalk trend, in southern Louisiana.

The target exists below an older field that has produced 28 million barrels of oil. Both the over pressured fractured Lower Chalk and the underlying Lower Tuscaloosa Massive Sand formations have been tested on the structure and proved to be hydrocarbon bearing.

Planned activities on this prospect will involve acquiring a 3-D seismic survey of up to 35 square miles over the structure, followed by the re-drilling of a well, drilled in 1982, which encountered what appears to be significant gas volume in the Lower Tuscaloosa Massive Sand formation. Participation in this project will also include California Oil & Gas with a working interest up to 40% and Aspire Capital with a working interest up to 10%.

Additionally, California Oil and Gas and Aspire Capital have agreed to participate in the Krotz Springs project with a 15% and 10% interest respectively. Daybreak has a 25% working interest in this project.

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