

# Daybreak Oil and Gas, Inc.

OTCBB:DBRM

as of November 30, 2012



- **Shallow Oil**
- **Large Acreage Position in Kern County, CA**
- **3-D Seismic**
- **Operator of the Project**
- **Production Facilities in Place**
- **Low Cost Operator**
- **Proven Oil Reserves**

## Management Team

*James F. Westmoreland*  
President and CEO

*Bennett Anderson*  
Chief Operating Officer

**Reserve Engineer**  
*Lonquist & Co. LLC*  
Austin, TX

**Auditors**  
*MaloneBailey, LLP*  
Houston, TX

**Transfer Agent**  
*Computershare Trust Company, N.A.*  
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**Investor Relations**  
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## Company Profile

Daybreak Oil and Gas, Inc. is an independent oil and gas company engaged in the exploration, development and production of oil in California. The Company is headquartered in Spokane, Washington with an operations office in Friendswood, Texas. Daybreak owns a 3-D seismic survey that encompasses over 20,000 acres or approximately 32 square miles in the San Joaquin Valley of California.

## Business Strategy

Our basic business model is to increase shareholder value by finding and developing shallow oil and gas reserves through exploration and development activities, and selling the production from those reserves at a profit.

To accomplish this we:

- use 3-D seismic and other advanced technologies to evaluate our acreage and prove our oil reserves;
- apply advanced drilling and completion techniques to develop our oil reserves; and
- have the necessary facilities to produce and market our oil production in a low cost manner.

## Our Property

- approximately 13,000 acres under lease in Kern County, California
- Average of 37.5% Working Interest
- 3-D Seismic coverage over entire acreage position
- 223,000 Barrels of Proved Oil Reserves at February 29, 2012
- 11 Proved Undeveloped locations to drill
- 11 Producing oil wells
- Current production of approximately 26 BOPD, net to Daybreak
- Low Operating Cost of \$15 – \$20 per barrel

## Operational Statistics

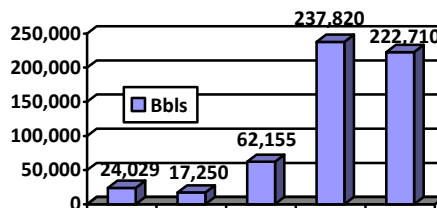
Production	Three Months Ended			
	November 30, 2012	August 31, 2012	May 31, 2012	February 29, 2012
Production (Bbls)	2,388	2,669	2,438	3,009
Revenue	\$ 229,913	\$ 249,149	\$ 262,973	\$ 311,171
LOE Costs	\$ 38,223	\$ 1,939*	\$ 41,693	\$ 74,076
Average Price Per Bbl	\$ 96.28	\$ 93.34	\$ 107.88	\$ 103.43
Average LOE Cost/Bbl	\$ 16.01	\$ 0.73	\$ 17.10	\$ 25.36

\* During the three months ended August 31, 2012, the Company received certain credits on production expenses related to dehydration expense and property taxes on mineral valuations totaling \$38,537, that resulted in lower than normal production expenses for the quarter.

## Finding Cost

	Year Ended		
	February 29, 2012	February 28, 2011	February 28, 2010
Capital Expenditures	\$ 259,915	\$ 1,563,473	\$ 1,278,136
Reserve Additions (Bbls)	12,016	188,674	48,047
Finding Cost Per Bbl	\$ 21.63	\$ 8.28	\$ 26.60

## Reserve Growth



Reserve Summary Cash Flow*			
February 29, 2012			
	Bbls	Non Disc	Disc 10%
Proved Producing	85,160	\$ 4,924,430	\$ 2,698,870
Proved Undeveloped	137,550	\$ 9,090,940	\$ 4,558,580
Total Proved	222,710	\$ 14,015,370	\$ 7,257,450

\*Fully engineered by Lonquist & Co LLC @ March 1, 2012 using prescribed SEC pricing of \$104.39 per Bbl

## Exploration Properties

### ***Bull Run Prospect***

This prospect is located in the southern portion of our acreage position. The drilling targets are the Etchegoin and Santa Margarita sands located between 800 and 1,200 feet deep. We drilled an exploratory well on this prospect in December 2011 that was determined to be not viable for commercial production and the well was plugged and abandoned. Utilizing the data received from this well, we expect to drill another exploratory well on this prospect during our 2013 – 2014 fiscal year. The Bull Run wells will require a pilot steam flood and additional production facilities. We estimate that the Bull Run prospect is 70 acres in size with a gross recoverable reserve potential of 873,000 barrels of oil. We have a 37.5% working interest in this prospect.

### ***Glide-Kendall Prospect***

This prospect is also located in the southern portion of our acreage position. The drilling targets are the Olcese and Eocene sands between 1,000 and 2,000 feet deep. We plan to drill an exploratory well during our 2013 – 2014 fiscal year. We estimate that the Glide Kendall prospect is 200 acres in size with a gross recoverable reserve potential of 1.8 million barrels of oil. We have a 37.5% working interest in this prospect.

### ***Sherman Prospect***

This prospect is located in the southern portion of our acreage position. The drilling targets are the Olcese and Etchegoin sands between 1,000 and 2,000 feet deep. We plan to drill an exploratory well in our 2014 – 2015 fiscal year. We estimate that the Sherman Prospect is 100 acres in size with a gross recoverable reserve potential of 300,000 barrels of oil. We have a 37.5% working interest in this prospect.

### ***Breckenridge-Chimney Prospect***

This prospect is located in the central portion of our acreage position. The drilling targets are the Vedder and Eocene sands between 2,500 and 4,000 feet deep. We plan to drill an exploratory well in the last quarter of our 2012 – 2013 fiscal year. We estimate that the Breckenridge-Chimney prospect is 60 acres in size with a gross recoverable reserve potential of 1.5 million barrels of oil. We have a 37.5% working interest in this prospect.

### ***Tobias Prospect***

This prospect is also located in the central portion of our acreage position. The drilling targets are the Vedder and Eocene sands between 2,500 and 4,000 feet deep. We plan to drill an exploratory well in our 2013 – 2014 fiscal year. We estimate that the Tobias prospect is 60 acres in size with a gross recoverable reserve potential of 700,000 barrels of oil. We have a 37.5% working interest in this prospect.

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“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,” “plan”, “estimate”, or “anticipates” or the negative thereof or given that the future results covered by such forward-looking statements will be achieved. These forward-looking statements are based on our current expectations, assumptions, estimates and projections for the future of our business and our industry and are not statements of historical fact. Such forward-looking statements include, but are not limited to, statements about our expectations regarding our future operating results, our future capital expenditures, our expansion and growth of operations and our future investments in and acquisitions of oil and natural gas properties.

The SEC requires oil and gas companies, in filings made with the SEC, to disclose proved reserves, which are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible – from a given date forward, from known reservoirs, under existing economic condition, operating methods, and governmental regulations. Beginning with year-end reserves for 2009, the SEC permits the optional disclosure of probable and possible reserves. We may elect to use in this presentation, but not in our Annual Report on Form 10-K, “probable” reserves and “possible” reserves, excluding their valuation. The SEC defines “probable” reserves as “those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.” The SEC defines “possible” reserves as “those additional reserves that are less certain to be recovered than probable reserves.” Statements of reserves are only estimates and may not correspond to the ultimate quantities of oil and gas recovered. Any reserve estimates provided in this presentation that are not specifically designated as being estimates of proved reserves may include estimated reserves not necessarily calculated in accordance with, or contemplated by, the SEC’s latest reserve reporting guidelines. Investors are urged to consider closely the disclosure in Daybreak’s Annual Report on Form 10-K for the fiscal year ended February 29, 2012. You can obtain this report from the SEC by calling 1-800-SEC-0330 or from the SEC’s website at [www.sec.gov](http://www.sec.gov).

The SEC’s rules prohibit us from including in filings with the SEC estimates of resources. Our resource estimations include estimates of hydrocarbon quantities for (i) new areas for which we do not have sufficient information to date to classify as proved, probable or even possible reserves and (ii) other areas to take into account the low level of certainty of recovery of the resources. Resource estimates do not take into account the certainty of resource recovery and are therefore not indicative of the expected future recovery and should not be relied upon. Resource estimates might never be recovered and are contingent on exploration success, technical improvements in drilling access, commerciality and other factors.

We have based these forward-looking statements on assumptions and analyses made in light of our experience and our perception of historical trends, current conditions, and expected future developments. However, you should be aware that these forward-looking statements are only our predictions and we cannot guarantee any such outcomes. Future events and actual results may differ materially from the results set forth in or implied in the forward-looking statements. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: our ability to obtain financing; our ability to obtain general economic and business conditions; exposure to market risks in our financial instruments; fluctuations in worldwide prices and demand for oil and natural gas; fluctuations in the levels of our oil and natural gas exploration and development activities; our ability to find, acquire and develop oil and gas properties, including the ability to develop the all of our prospects; risks associated with oil and natural gas exploration and development activities; competition for raw materials and customers in the oil and natural gas industry; technological changes and developments in the oil and natural gas industry; legislative and regulatory uncertainties, including proposed changes to federal tax law and climate change legislation, and potential environmental liabilities; our ability to continue as a going concern; and our ability to secure additional capital to fund operations. Additional factors that may affect future results are contained in our filings with the Securities and Exchange Commission (“SEC”) and are available at the SEC’s web site <http://www.sec.gov>. Daybreak Oil and Gas Inc. disclaims any obligation to update and revise statements contained in this document based on new information or otherwise.