

## Daybreak Oil and Gas, Inc. Provides Operational Update

SPOKANE, Washington, May 11, 2010 -- Daybreak Oil and Gas, Inc. (OTC Bulletin Board: DBRM) (“Daybreak” or the “Company”), a Washington Corporation, is pleased to provide an update on its current and future operations.

### Gilbertown Sale

The Company recently completed a series of transactions that ultimately resulted in the Company transferring its interest in its Gilbertown Field in Choctaw County, Alabama to a third party. The Company will receive its \$250,000 in cash that the Company had to post as collateral to secure an operator bond in the state of Alabama; collected an outstanding past due receivable from one of its partners of \$213,000; and resolved a seismic license obligation at its East Slopes Project from a partner who has an ownership in both the Gilbertown and East Slopes Project in Kern County, California.

### Current Production

The Bear #4 well was recently completed and is currently producing approximately 35 barrels of oil per day (“BOPD”). Production on the Bear #4 will be increased over time as the well stabilizes. The Bear #3 well is currently being tested. Additional completion work will have to be performed to slow down water production on this well. The wells in the East Slopes Project are brought on slowly to help keep water encroachment to a minimum. The Bear #3 and #4 well’s performances are expected to improve over time. The table below is a summary of our average production by location at the present time.

<b>Location</b>	<b>DBRM Gross Production (BOPD)</b>	<b>DBRM Net Production (BOPD)</b>
Sunday	110	30
Bear	93	16
Black	14	5
<b>Total</b>	<b>217</b>	<b>51</b>

The recently completed production facilities have substantially reduced our operating cost per barrel from over \$30 per barrel to less than \$10 per barrel.

### Future Plans

The Company plans to drill up to nine wells at its East Slopes Project during its 2011 fiscal year, which began on March 1, 2010 (“FY2011”).

### Bear Location

Daybreak drilled two successful wells at its Bear location in April, 2010. During the FY2011, the Company plans to drill at least three more wells to fully develop this location, with the Bear #5 expected to be drilled in mid to late June, 2010. Daybreak owns a 25% working interest and a 16% net revenue interest at this location.

### Dyer Creek Prospect

This exploratory prospect is a mile north of the Bear location on the same trapping fault. The first well will be drilled to approximately 2,500 feet and will test the Vedder sands. This well will be drilled in July/August, 2010. If successful, an additional well may be drilled in the current fiscal year at this

prospect. The pre-drill reserve estimates on this prospect are 150,000 to 200,000 barrels of oil. Daybreak has a 37.5% working interest, with approximately a 30% net revenue interest at this location.

### **Ball Prospect**

This exploratory prospect is immediately north of the Dyer Creek Prospect on the same trapping fault as both Bear and Dyer Creek. The first well will be drilled immediately after the drilling of the Dyer Creek Prospect, to approximately 2,500 feet, and will also test the Vedder sands. If successful, an additional well may be drilled in the current fiscal year at this prospect. The pre-drill reserve estimates at this prospect are 200,000 to 250,000 barrels of oil. Daybreak has a 37.5% working interest with approximately a 30% net revenue interest.

### **Other Exploratory Prospects**

The Company is evaluating several other exploratory prospects in the southern half of its acreage position at its East Slopes Project in Kern County, California to be drilled in the second half of the current fiscal year.

### **Reserves**

The Company recently received the results of an independent study of the Company's oil and gas reserves performed by a certified independent engineering firm, based in Houston. The reserve report, as of March 1, 2010, reports the Company has net proved reserves of 62,000 barrels of oil calculated on a Securities and Exchange Commission reserve reporting guideline basis. This resulted in a finding cost of approximately \$19 dollars per barrel.

James F. Westmoreland, President and Chief Executive Officer stated, "With a steady approach at building the Company, we have spent the last year building a solid foundation for the Company, establishing reserves, production, and disposing of unprofitable assets. Our goal this year is to drill a portion of our prospect portfolio at our East Slopes Project that will make the Company profitable and build long-term value."

Daybreak Oil and Gas, Inc. is an independent oil and gas company engaged in the exploration, development and production of oil and gas in Kern County, California. Daybreak has over 22,000 acres under lease and a seismic option on an additional 14,000 acres.

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

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