

Daybreak Oil and Gas Announces Second Successful Oil Well in Kentucky and Updates Upcoming California Drilling Program

SPOKANE, Washington, October 15, 2013 -- Daybreak Oil and Gas, Inc. (OTC: DBRM) (“Daybreak” or the “Company”), a Washington corporation, is pleased to announce that its second consecutive successful oil well has been drilled in the recently-acquired Twin Bottoms Field Project in Lawrence County, Kentucky. The Gerald Grove H-3 well was drilled to a measured depth (“MD”) of 4,461 feet and a true vertical depth (“TVD”) of 1,175 feet. Logs and other measurement data indicate that the horizontal section of the well bore encountered 3,006 feet of oil-bearing sandstone. The well will be completed for production as soon as possible. The previously announced Gerald Grove H-1 well, the first in a multi-well program, has now been completed. Production facilities have been installed, and the well should be on production within the next few days. Production results will be announced as initial stable rates are established. The drilling rig has been moved to our third well, the Dillon H-6 well and drilling operations are currently underway. The Company and App Energy, LLC, the operator, plan to drill up to three more wells before the end of the calendar year.

East Slopes Project - California

The Company is also pleased to announce plans for the upcoming fall drilling program at its East Slopes Project in Kern County, California. A drilling rig has been contracted and drilling should start by the end of October 2013. The Company will drill the Bear #8, Bear #9 and Bear #10 development oil wells. The Company is also in the final stages of upgrading its production facilities to handle the increased production from the previous spring drilling program, as well as new production from the oil wells to be drilled this fall.

James F. Westmoreland, President and Chief Executive Officer, commented, “We are pleased to report great progress in our Kentucky drilling program and look forward to continued successful results between now and the end of the year. Our California fall drilling program is slated to commence shortly; and, based upon our previous success at this location, we are optimistic that these new Bear development wells will be successful. We expect the increase in our oil production from these two projects will enhance our cash flow and bring us to profitability. With our ongoing drilling activity in both California and Kentucky, we are setting the stage for a successful future for the Company and our shareholders.”

Daybreak Oil and Gas, Inc. is an independent oil and gas company currently engaged in the exploration, development and production of oil and gas in California and Kentucky. The Company is headquartered in Spokane, Washington with an operations office in Friendswood, Texas. Daybreak owns a 3-D seismic survey that encompasses 20,000 acres over 32 square miles with approximately 13,000 acres under lease in the San Joaquin Valley of California. Daybreak also owns a 25% working interest in approximately 6,100 acres under lease in the Appalachian Basin in Lawrence County, Kentucky.

More information about Daybreak Oil and Gas, Inc. can be found at www.daybreakoilandgas.com.

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