

Daybreak Announces Successful Oil Discovery in Kentucky Fall Drilling Program in California

SPOKANE, Washington, September 12, 2013 -- Daybreak Oil and Gas, Inc. (OTC: DBRM) (“Daybreak” or the “Company”), a Washington corporation, is pleased to announce a new oil discovery in its first well in the Twin Bottoms Field in Lawrence County, Kentucky. The Gerald Grove H-1 well was drilled to a measured depth of 4,036 feet and a vertical depth of 1,171 feet. Logs and other measurement data indicate that the horizontal section of the well bore encountered 2,588 feet of oil-bearing sandstone. Production casing has been set and the well will be completed for production and testing as soon as possible. The drilling rig has been released for a short-term commitment to drill two wells for another operator in the area; and will then return to drill the next scheduled well in the Company’s Kentucky drilling program, the Dillon H-6 well. The Company and App Energy, LLC, the operator, plan to drill up to five more wells before the end of the calendar year.

East Slopes Project

The Company is also pleased to announce plans for the upcoming fall drilling program at its East Slopes Project in Kern County, California. The Company will drill the Bear #8, Bear #9 and Bear #10 oil development wells. The Company also plans to drill the Ball #3-11 well (if required permits are received) before drilling is completed on the Bear wells. The Bear #8 well should spud during mid-to-late October, depending on rig availability. The Company is also in the process of upgrading production facilities to handle the new production from the previous spring drilling program as well as production from the wells to be drilled this fall.

James. F. Westmoreland, President and Chief Executive Officer, commented, “Our initial success in Kentucky is an important part of the execution of the Company’s business plan, which is to generate a sustainable base of cash flow that will allow the Company to further expand its business in both California and Kentucky. We expect the initial production rates in the Kentucky wells to be significantly higher than the California wells, which will take our cash flow to a new level. We are also very pleased with the performance of the wells drilled during our spring drilling program in California, and look forward to continued success as we drill more development wells this fall.”

Daybreak Oil and Gas, Inc. is an independent oil and gas company 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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