

**Daybreak Oil and Gas, Inc. Continues Exploration Success
with Oil Discovery at its Dyer Creek Prospect**

SPOKANE, Washington, October 28, 2010 -- Daybreak Oil and Gas, Inc., (OTC Bulletin Board: DBRM) (“Daybreak” or the “Company”) a Washington Corporation, is pleased to announce a new oil discovery at its Dyer Creek Prospect in the East Slopes Project located in Kern County, California. The Dyer Creek 67X-11 well was drilled to 2,294 feet and encountered approximately 10 feet of oil pay in the Vedder sand at 2,284 feet. Production casing has been set and the Company is completing the well. The well will be produced into the Dyer Creek production facility, where an existing tank battery is already in place and has been refurbished. The Company expects to have the Dyer Creek 67X-11 well on production within the next 10 days. The Company has identified three additional development locations on this prospect. Daybreak has a 41.67% working interest in the well.

James F. Westmoreland, President and Chief Executive Officer, stated, “The successful drilling of our Dyer Creek Prospect and the recently announced Ball discovery have resulted in Daybreak opening up a new area of operations approximately one mile north of our Sunday and Bear operations. Since both of these prospects were successful, we now have a significant development project with up to nine additional wells to be drilled in the Dyer Creek and Ball areas.”

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. The Company is headquartered in Spokane, Washington with an operations office in Friendswood, Texas. Daybreak has over 22,000 acres under lease and a seismic option on an additional 14,000 acres in the San Joaquin Valley of California.

For more information about Daybreak Oil and Gas, Inc., please visit the Company’s website at www.daybreakoilandgas.com.

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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: 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 East Slopes Project 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 press release based on new information or otherwise.