

DAYBREAK OIL AND GAS, INC.

Fair Disclosure Policy

Daybreak Oil and Gas, Inc. (“*Daybreak*” or the “*Company*”) is committed to complying with all laws relating to the dissemination of information pertaining to its business and financial affairs, as well as to providing all interested parties equal and fair access to this information on a timely basis. This Policy sets forth the procedures through which Daybreak representatives will publicly disseminate Company information and allow interested persons access to Company information.

1. NO SELECTIVE DISCLOSURE OF MATERIAL NONPUBLIC INFORMATION

Policy Statement: Daybreak will not selectively disclose any material nonpublic information to any interested persons. Daybreak representatives are prohibited from communicating financial, operational and other material Company-related information outside of the procedures set forth in this Policy and interested persons are discouraged from soliciting such information.

(a) *Who are “Daybreak representatives” to whom this Policy applies?* This Policy applies to all of the following persons and entities, each of which is considered a “*Daybreak Representative*” for the purpose of this Policy:

- All directors, officers, employees, and agents of Daybreak and its affiliates
- All members of the immediate family of a Daybreak Representative or with whom a Daybreak Representative shares a household
- All economic dependents of a Daybreak Representative
- All persons and entities over whom a Daybreak Representative has control (such as parents or children who consult with a Daybreak Representative before they trade in Daybreak securities)

(b) *What kind of “information” is covered by this Policy?* This Policy covers all material information concerning the Company that has not previously been disseminated in compliance with the procedures outlined below. Examples of information that fall within this Policy include:

- Financial and operational (historical and projections)
- Earnings and profitability (historical and projections)
- Status of drilling projects and prospects
- Acquisition, divestiture, strategic venture and financing activities
- Production volumes, reserves and reserve life
- Changes in control or management

(c) *What types of “disclosure” are covered by this Policy?* This Policy applies to statements made by Daybreak Representatives to any persons seeking information

concerning Daybreak’s business or affairs. The Securities and Exchange Commission disapproves of disclosing material, nonpublic information to securities analysts, broker/dealers and selected institutional investors, as this may undermine the “fair playing field” of the markets. Examples of persons who have a legitimate need for information about Daybreak, which may not include material nonpublic information, and who can be expected to seek information about the Company include:

- Financial analysts, including those who follow or intend to follow Daybreak and issue reports containing investment recommendations about Daybreak’s securities
- Members of the press authoring articles or columns for newspapers, financial publications, trade publications, magazines, journals or media
- Brokers, dealers, investment advisors, institutional investment managers, investment companies and hedge funds
- Current or prospective investors in Daybreak’s common stock, notes or other securities

2. AUTHORIZED DAYBREAK SPOKESPERSONS

Policy Statement: Only authorized Daybreak spokespersons may respond to questions concerning Daybreak’s business or financial results, or make public statements about the Company.

Interested parties seeking information about the Company or a statement from the Company on any topic must address their inquires to the Chief Executive Officer (“CEO”) or Chief Financial Officer (“CFO”). Any Daybreak Representative, other than an authorized spokesperson, receiving a third-party inquiry concerning the Company should refer the interested person to the CEO or CFO.

(a) ***Who are authorized Daybreak spokespersons?*** Only the following persons (“*Authorized Spokespersons*”) are authorized to make statements about Daybreak covered by this Policy:

- Chairman of the Board
- CEO
- CFO

(b) ***Special Exceptions.*** Special exceptions may be granted by the CEO or CFO, as appropriate, for special situations, such as interviews, conferences, and meetings in which employees other than Authorized Spokespersons have been invited to participate.

(c) ***Involvement by Other Employees.*** Persons other than Authorized Spokespersons should contact an Authorized Spokesperson before having conversations with members of the press or financial community and should arrange to be accompanied by an Authorized Spokesperson. All employees (other than the CEO or CFO) should refer inquiries from the media, analysts, investors, brokers, and any listing exchange to an Authorized Spokesperson.

3. PUBLIC DISSEMINATION OF MATERIAL NONPUBLIC INFORMATION

Policy Statement: It is the Company's policy to comply with securities laws, including Regulation FD and all applicable listing exchange disclosure rules and regulations. All disclosures of material nonpublic information shall be effected on a broadly disseminated basis simultaneously to all interested parties at such times as are deemed appropriate by the Chief Executive Officer. If the Company or a Daybreak Representative selectively discloses material non-public information, including to securities market professionals, broker/dealers, investment advisors or institutional investment managers, then the Company must make public disclosure simultaneously, if the disclosure was intentional, or promptly, if the disclosure was unintentional. To ensure adequate dissemination, any material, non-public information to be released must initially be disseminated through the following means and posted on Daybreak's website (<http://www.daybreakoilandgas.com>):

- Included in a press release;
- Furnished or filed in a current report on Form 8-K; and/or
- Included in another form or document filed with the Securities and Exchange Commission.

4. POLICY ON "GUIDANCE"

Policy Statement: Daybreak can, if it so chooses to and in compliance with applicable securities laws, publicly disseminate guidance relating to key operational statistics for future periods to allow the financial community and other interested constituencies to evaluate the Company's prospects.

- What is "guidance"?* Guidance is management's good faith estimate of certain information about the Company, including key operating statistics, such as lease operating expense, for a future period. Although management will predicate all guidance on assumptions that management deems reasonable, guidance represents only a forecast and actual results may differ materially.
- On which operating statistics may Daybreak provide in guidance?* Generally, Daybreak may provide guidance on production volume, lease operating expense, transportation expense, severance taxes, interest expense, G&A expense, and DD&A.
- Why doesn't Daybreak generally provide guidance on net income or cash flow?* Daybreak, at its discretion, may provide guidance only on those expense statistics that are generally within management's control and that can be budgeted with reasonable certainty. Since net income and cash flow implicate revenues, which cannot be accurately forecast due to management's very limited ability to control commodity price realizations, providing guidance on these parameters would be of marginal value and requires an experienced perspective of the impact of price volatility in the oil and gas industry.

5. RUMORS IN THE MARKET

Policy Statement: Daybreak Representatives will not entertain inquiries about rumors or potential acquisitions, divestitures, strategic ventures or financings and will neither confirm nor deny the matters to which any such inquiries relate, other than as required by applicable listing exchange rules and regulations.

- (a) ***“No comment” on rumors.*** Other than as required by applicable listing exchange rules and regulations, Daybreak generally has no duty to respond to rumors in the market whether or not Daybreak’s stock price is affected. Daybreak Representatives will issue only a “no comment” response to inquires concerning rumors affecting the Company, regardless of whether the rumor is valid or false. The CEO may make exceptions on a case by case basis.
- (b) ***Company leaks of information.*** Daybreak will promptly disseminate a public response to any rumor in the market that is attributable to the Company or an Authorized Representative as its source through a leak of confidential information or otherwise.

6. QUARTER-END INFORMATIONAL BLACKOUT

Policy Statement: In order to ensure equal and orderly access to historical financial information relating to pending and completed quarters, no Daybreak Representative should communicate any information or address any inquiry that pertains to a quarter when an informational blackout is in effect.

- (a) ***When does the blackout commence and end?*** The informational blackout pertaining to any particular quarter commences two weeks prior to the quarter’s end and extends until the Company has publicly released earnings for that quarter.
- (b) ***What information is covered?*** The quarter-end informational blackout covers all financial, operational and other information relating to the quarter, regardless of materiality. Commencing two weeks prior to the quarter-end, Daybreak Representatives should issue a “no comment” response to all inquiries relating to the quarter.
- (c) ***Meetings and conferences.*** Daybreak Representatives may meet with interested persons and may attend conferences and other speaking engagements in accordance with this Policy during informational blackouts, but any discussion of the pending or recently completed quarter is prohibited.

7. PRIVATE ONE-ON-ONE MEETINGS

Policy Statement: Private meetings and conversations with analysts, investors and other interested persons serve numerous valuable and legitimate business purposes. Daybreak attempts to comply with requests for private “one-on-one” meetings to the extent

practicable within the guidelines set forth in this Policy. It is the Company's policy to comply with Regulation FD and all applicable listing exchange disclosure rules and regulations.

- (a) ***Limited to Authorized Spokespersons.*** All private meetings must be approved and attended by an Authorized Spokesperson. No Daybreak Representative who is not an Authorized Spokesperson may grant any private meeting or engage in any conversation with respect to Daybreak or its business.
- (b) ***What topics may be discussed in one-on-one's?*** Discussions must be limited to legitimate topics helpful to the understanding of the Company and its prospects and must otherwise comply with this policy.
 - Daybreak Representatives will not disclose any material nonpublic information
 - Daybreak Representatives will not update or confirm guidance beyond a few days after issuance
 - Daybreak Representatives will observe the quarter-end informational blackout.

8. CONFERENCES AND PUBLIC SPEAKING ENGAGEMENTS

Policy Statement: Daybreak will attempt to comply with requests for Daybreak Representatives to attend conferences and public speaking engagements within the guidelines set forth in this Policy. It is the Company's policy to comply with Regulation FD and all applicable listing exchange disclosure rules and regulations.

- (a) ***Limited to Authorized Spokespersons.*** All conference presentations and other public speaking engagements involving Daybreak's business or affairs must be approved and attended by an Authorized Spokesperson. No Daybreak Representative who is not an Authorized Spokesperson may address any public forum concerning any aspect of Daybreak's business or affairs.
- (b) ***How will Daybreak notify interested persons about upcoming appearances at conferences and speaking events?*** Daybreak will announce attendance at conferences and speaking events through a press release at least one business day prior to the event. The release will identify the subject matter of the appearance.
- (c) ***Will Daybreak make available materials covered at conferences and speaking events?*** Daybreak will post on its website all new materials presented at any conference or speaking appearance not previously posted in connection with a prior speaking engagement.
- (d) ***What topics may be addressed at conferences and other public speaking engagements?*** Appropriate topics for discussion at conferences and other speaking engagements are the same as those in the context of one-on-one meetings discussed above.

9. ANALYST REPORTS

Policy Statement: Daybreak’s policy is not to review or comment on any analyst reports pertaining to Daybreak, however the Chief Financial Officer can review and comment on historical factual information contained in analyst reports.

11. ADMINISTRATION OF POLICY

- (a) *Administration by Corporate Secretary’s Office.* The day-to-day administration of the Policy will be carried out by the Corporate Secretary’s office. Please direct all questions to Karol Adams, Corporate Secretary, at (281) 996-4176.
- (b) *Amendment of the Policy.* Daybreak reserves the right to amend and interpret this Policy from time to time.
- (c) *Effect of Violation of Policy.* A violation of any of this Policy is grounds for immediate disciplinary action, including termination of employment by Daybreak.

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This is to acknowledge that I have received, reviewed and understand the Fair Disclosure Policy and will abide by the policy as set forth above.

Print Name

Title/Position

Signature

Date