

Daybreak Oil and Gas, Inc. Announces the Start of 2014 Kentucky Drilling Program

SPOKANE, Washington, March 20, 2014 -- Daybreak Oil and Gas, Inc. (OTCQB:DBRM) (“Daybreak” or the “Company”), a Washington corporation, is pleased to announce the start of the 2014 – 2015 fiscal year development drilling program, in which the Company plans to participate in drilling approximately 20 development wells at the Twin Bottoms Field in Lawrence County, Kentucky. The first of these wells, the Gerald Grove H-7 well, was spud on March 19, 2014. The Company and the Operator, App Energy LLC (“App”), plan to subsequently drill the Gerald Grove H-8, H-9 and H-10 wells. At the completion of the fourth well, the rig will be released to a nearby operator whereby that company will use the rig to drill four wells. At the end of the four-well drilling cycle, Daybreak and App will regain use of the rig to drill another four wells at the Twin Bottoms Field. It is planned to continue utilizing the drilling rig in a rotating manner for the remainder of this fiscal year, until the proposed 20 wells are drilled.

James F. Westmoreland, President and Chief Executive Officer, commented, “The 2014-2015 fiscal year will be a transforming year for the Company and our shareholders. During the winter, we completed vital infrastructure improvements, which will allow us to more efficiently produce our oil and gas in Kentucky. This work involved the installation of a six-inch gas pipeline and natural gas compressor, as well as the construction and installation of a centralized oil storage facility. During this time, we also brought four of the five oil wells on-line that were drilled last fall. We expect to bring the remaining well, the Dwight Dillon H- 6, on to production next week. With the five oil wells we have already drilled in Kentucky, in addition to the 20 oil wells we expect to drill this year, along with our development plans and 20 producing wells in California, Daybreak should exit the 2014-2015 fiscal year as a significantly stronger Company with positive cash flows and earnings per share for the first time in the history of the Company.”

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. The Company operates production from 20 wells in our East Slopes project area, Kern County, California. Daybreak also owns an average 25% working interest in approximately 6,400 acres under lease in the Appalachian Basin in Lawrence County, Kentucky; where, we have recently participated in the drilling and completion of five producing oil wells in the Twin Bottoms field.

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

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