

## **Daybreak Oil and Gas, Inc. Announces Initial Production Rates on New Kentucky Wells**

SPOKANE, Washington, June 12, 2014 -- Daybreak Oil and Gas, Inc. (OTCQB:DBRM) (“Daybreak” or the “Company”), a Washington corporation, is pleased to announce that the Gerald Grove H-7 and H-8 wells at the Twin Bottoms Field in Lawrence County, Kentucky were put on production on June 10, 2014. The combined initial flow rate from both wells is approximately 570 barrels of oil and 150 Mcf of natural gas per day. Separately, the Gerald Grove H-7 well is producing approximately 330 barrels of oil and 75 Mcf per day of natural gas, and the Gerald Grove H-8 well is producing approximately 240 barrels of oil per day and 75 Mcf per day of natural gas.

James F. Westmoreland, President and Chief Executive Officer, commented, “We continue to be very pleased with the results of our wells in Kentucky. We expect to have the Gerald Grove H-9 and H-10 wells on production sometime next week. Daybreak and its partner App Energy LLC (“App Energy”) are expanding our acreage position in and around the Twin Bottoms Field. We have recently added an additional 500 acres that are strategic to the overall expansion of our acreage position in the Twin Bottoms Field. We are continuing to evaluate additional acreage in and around the Twin Bottoms Field, as well as other acreage positions in Eastern Kentucky and Southwestern West Virginia. We are also pleased with the operational efficiencies that App Energy, as Operator of the Twin Bottoms Field, has employed to further keep our operating costs low.”

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 6,500 acres under lease in the San Joaquin Valley of California. The Company operates production from 20 wells in our East Slopes project area in Kern County, California. Daybreak also owns a 25% working interest in approximately 7,000 acres under lease in the Appalachian Basin in Lawrence County, Kentucky; where, we currently are participating in an on-going oil development program at the Twin Bottoms field.

More information about Daybreak Oil and Gas, Inc. can be found at [www.daybreakoilandgas.com](http://www.daybreakoilandgas.com).

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Certain statements contained in this press release constitute “forward-looking statements” as defined by the Securities and Exchange Commission. Such statements can be identified by the use of forward-looking terminology such as “believe,” “expect,” “may,” “should,” “up to,” “approximately,” “likely,” or “anticipates” or the negative thereof. These forward-looking statements are based on our current expectations, assumptions, estimates and projections for the future of our business and our industry and are not statements of historical fact. Such forward-looking statements include, but are not limited to, statements about our expectations regarding our financing, our future operating results, our future capital expenditures, our expansion and growth of operations and our future investments in and acquisitions of oil and natural gas properties. 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.