

**Daybreak Oil and Gas, Inc. Announces Oil Discovery  
at its Ball Prospect in the East Slopes Project Located in Kern County, California**

SPOKANE, Washington, October 19, 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 Ball Prospect in the East Slopes Project located in Kern County, California. The Ball #1-11 well was drilled to 2,500 feet and encountered 15 feet of oil pay in the Vedder sand at 2,350 feet. Production casing has been set and the well is being completed. The well will be produced into the Dyer Creek Production Facility, approximately one-half mile away, where an existing tank battery is already in place and is currently being refurbished. The Company expects to have the Ball #1-11 well on production within the next 30 days. Daybreak has a 41.67% working interest in the well. The drilling rig will be moved to the Dyer Creek Prospect, where the Dyer Creek #67X-11 well will be drilled, as soon as it has completed drilling operations at the Ball #1-11 well.

James F. Westmoreland, President and Chief Executive Officer, stated, “With the success of the Ball #1-11 well, Daybreak continues to execute its plan of developing its East Slopes Project and finding new oil reserves. With the use of our 3-D seismic, we have identified at least six more development locations at the Ball Prospect. There are existing production facilities on the lease that we will utilize after some repairs are completed and electrical lines are extended from the Bear Property. By having the production facility at Dyer Creek in place, it ensures that our overall cost in the project will be kept to a minimum.”

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](http://www.daybreakoilandgas.com).

**Contact:**

Ed Capko                      Telephone: 815-942-2581  
Investor Relations        Email: [edc@daybreakoilandgas.com](mailto:edc@daybreakoilandgas.com)

“Safe Harbor” Statement under Private Securities Litigation Reform Act of 1995: Certain statements contained herein constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Information contained herein contains “forward-looking statements” which 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 or given that the future results covered by such forward-looking statements will be achieved. 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 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.