

**Daybreak Oil and Gas, Inc. Announces Third Successful Oil Well in Kentucky,  
First Production in Kentucky  
and Updates to Upcoming California Drilling Program**

SPOKANE, Washington, October 23, 2013 -- Daybreak Oil and Gas, Inc. (OTC: DBRM) (“Daybreak” or the “Company”), a Washington corporation, is pleased to announce that its third consecutive successful oil well has been drilled in the recently-acquired Twin Bottoms Field Project in Lawrence County, Kentucky. The Dwight Dillon H-6 well was drilled to a measured depth (“MD”) of 5,100 feet and a true vertical depth (“TVD”) of 1,442 feet. Logs and other measurement data indicate that the horizontal section of the well bore encountered 3,546 feet of oil-bearing sandstone. The well will be hydraulically fractured the last week in October and will be put on production soon thereafter. In addition, the recently-drilled Gerald Grove H-3 well, our second well, will be hydraulically fractured the first week in November and put on production when production facilities are in place.. The previously announced Gerald Grove H-1 well, the first well in a multi-well program, has now been completed and is currently in production testing. In the first 58 hours of testing, the well produced 668 barrels of oil and approximately 100 Mcf (“thousand cubic feet”) of gas. The well will be making flush production for the first couple of weeks. Further testing will determine a stabilized production rate per day. The stabilized daily production rates on this, and all the future wells will be reported as they occur. A drilling rig will be on location by mid-November 2013 to drill three additional wells in the Twin Bottoms field. The Company owns a 25% working interest in the Twin Bottoms Field.

**East Slopes Project - California**

The Company is also pleased to confirm plans to drill the Bear #8, Bear #9 and Bear #10 development oil wells during the upcoming fall drilling program at its East Slopes Project in Kern County, California to begin the last week in October 2013.

James F. Westmoreland, President and Chief Executive Officer, commented, “We are extremely pleased with the initial results from our Kentucky project. With approximately 50 locations yet to be drilled, we believe that this project will take Daybreak to the next level as a Company. As we build the Company, we will continue to evaluate other opportunities that fit our business model, which is to find and develop shallow oil reserves that are inexpensive to drill and produce, and that will provide a good return for the Company and its Shareholders.”

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. Daybreak also owns a 25% working interest in approximately 6,100 acres under lease in the Appalachian Basin in Lawrence County, Kentucky.

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

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