



- DAYLIGHT ENERGY ANNOUNCES:**
- **CLOSING OF WEST ACQUISITION**
  - **UPDATED 2010 GUIDANCE**
  - **MAY & JUNE 2010 DIVIDEND**

May 12, 2010



# Advisory Regarding Forward-Looking Statements



*This presentation contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking statements or information. More particularly and without limitation, this presentation contains forward-looking statements and information concerning: anticipated capital expenditures in connection with Daylight's 2010 capital expenditure program; anticipated production levels for the balance of 2010 and exit production rates for 2010; anticipated production levels by product type for the balance of 2010 and exit 2010; expectations regarding future dividends declared and paid on the common shares; the timing of bringing additional production on-stream and the benefits thereof; anticipated future natural gas prices; expected initial production rates of certain deferred natural gas production; and the potential for production and reserve gains from increased recovery factors in the Belly River oil pool.*

*The forward-looking statements and information in this presentation are based on certain key expectations and assumptions made by Daylight, including expectations and assumptions concerning: prevailing and future commodity prices and exchange rates; applicable royalty rates and tax laws; future well production rates; the performance of existing wells; application of existing technologies and future advancements in technology to Daylight's operations and drilling activities; the success obtained in drilling new wells; the inventory of new drilling locations; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; the receipt, in a timely manner, of regulatory and third party approvals; and the ability of Daylight to achieve the benefits of the West acquisition. Although Daylight believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Daylight can give no assurance that they will prove to be correct. There is no representation by Daylight that actual results achieved during the periods identified in this presentation will be the same in whole or in part as those forecast.*

*Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the risks associated with the oil and gas industry in general such as: operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource (including original oil in place) estimates; the uncertainty of estimates and projections relating to production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; marketing and transportation of petroleum and natural gas and loss of markets; environmental risks; competition; risks associated with utilizing existing technologies and future technological advancements in Daylight's operations and drilling activities; failure to realize the anticipated benefits of acquisitions, including the West acquisition; risks regarding the integration of West; incorrect assessment of the values of acquisitions, including the West acquisition; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other third party approvals; and changes in legislation, including but not limited to tax laws, royalty rates and environmental regulations.*

*Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Daylight are included in reports on file with applicable securities regulatory authorities, including but not limited to Daylight Resources Trust's annual information form for the year ended December 31, 2009 and the Notice of Annual and Special Meeting and Information Circular and Proxy Statement dated April 7, 2010, each of which may be accessed on Daylight Resources Trust's SEDAR profile at [www.sedar.com](http://www.sedar.com).*

*The forward-looking statements and information contained in this presentation are made as of the date hereof and Daylight undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

## **Barrels of Oil Equivalent**

*"Boe" means barrel of oil equivalent on the basis of 1 boe to 6,000 cubic feet of natural gas. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 1 boe for 6,000 cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

## **Original Oil in Place**

*"Original oil in place" as used in this presentation means the total oil and gas estimated to have originally existed in the earth's crust in naturally occurring accumulations (also defined as "original resources" in the COGE Handbook). Original oil in place includes both discovered and undiscovered resources, and there is no certainty that any portion of the undiscovered resources will be discovered and, if discovered, that any volumes will be economically viable or technically feasible to recover or produce. Original oil in place also includes volumes that have already been produced from such accumulations. Readers should not unduly rely upon estimates of original oil in place in terms of assessing the Daylight's reserves or recoverable resources. All estimates of original oil in place contained in this presentation are based upon internal estimates of management of Daylight.*

# West Closing, Guidance and Dividend



Successful Closing of West Acquisition	<ul style="list-style-type: none"><li>• Increases Daylight's Cardium rights in Pembina to over 100 net sections.</li><li>• Increases Daylight's oil &amp; liquids weighting to approximately 45%.</li><li>• Over 99% approval by West shareholders.</li></ul>
Production Guidance: 43,000 to 44,000 boe/d for 2010	<ul style="list-style-type: none"><li>• Current production 45,000 to 46,000 boe/d.</li><li>• Anticipated 2010 exit of over 47,000 boe/d.</li><li>• Includes deferral of over 20 mmcf/d of natural gas production in anticipation of higher prices later in 2010.</li></ul>
Dividends of \$0.05 per month	<ul style="list-style-type: none"><li>• Announces a monthly cash dividend of \$0.05 per common share for May and June 2010.</li></ul>
Maintained \$300 Million Capital Program	<ul style="list-style-type: none"><li>• Based on high level of success in Pembina, reallocating majority of budget to horizontal Cardium light oil wells.</li></ul>
Expanded Credit Facility	<ul style="list-style-type: none"><li>• Credit facilities increased to \$650 million with approximately \$350 million drawn at West closing.</li></ul>

# Q1 2010 Results

39,760 boe/d	<ul style="list-style-type: none"><li>• Q1 2010 production up 4% from Q4 2009 and 74% from Q1 2009.</li></ul>
45% - 50% oil leverage	<ul style="list-style-type: none"><li>• Production volumes for the remainder of 2010 are expected to be weighted approximately 45% to 50% towards oil and liquids.</li></ul>
First 5 Pembina Cardium horizontal oil wells	<ul style="list-style-type: none"><li>• Producing ~1,800 boe/d (early May 2010).</li><li>• Includes the first Tomahawk well, IP rate over 2,100 boe/d with over 60,000 barrels produced in first two months.</li></ul>
Two Cadomin horizontal wells	<ul style="list-style-type: none"><li>• First well (45% WI) attained a seven day initial production rate of 13 mmcf/d.</li><li>• Follow-up well (70% WI) attained an initial production rate of 14 mmcf/d.</li></ul>
First Nikanassin horizontal well	<ul style="list-style-type: none"><li>• Successfully drilled, with clean-up test rates greater than 7 mmcf/d from our 8-stage frac, 700 meter horizontal completion.</li></ul>

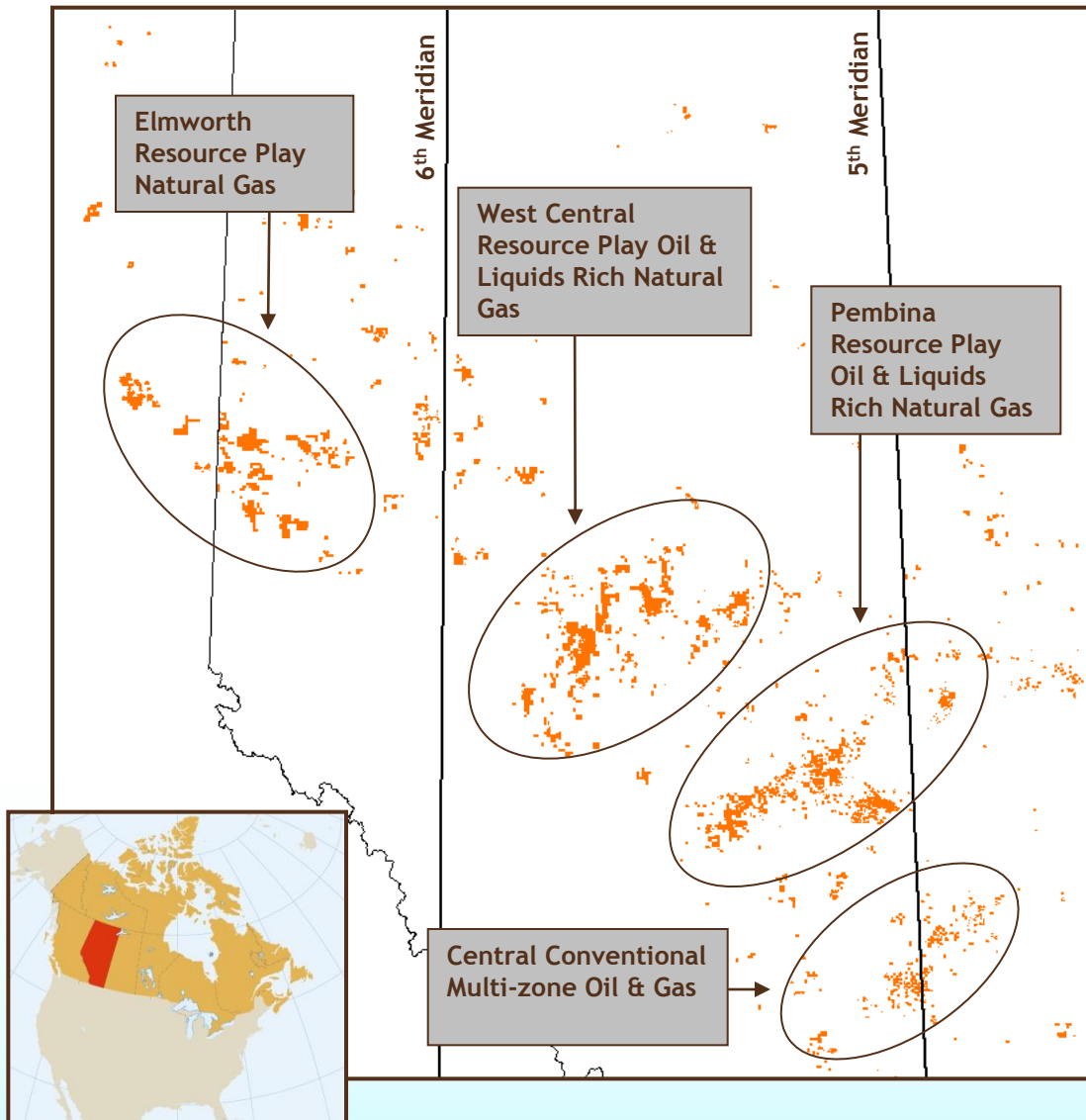
# Q1 2010 Results (Cont'd)

Land acquisition	<ul style="list-style-type: none"><li>• 40 sections of 100% WI lands in core natural gas resource play area of Elmworth for \$5.5 million, on trend with recent successful wells.</li></ul>
Hedged 45,000 GJ natural gas	<ul style="list-style-type: none"><li>• At C\$5.69 per GJ (C\$6.01 per mcf) for the period April 1, 2010 to March 31, 2011.</li></ul>
\$172.5 million	<ul style="list-style-type: none"><li>• Closed convertible debenture financing.</li></ul>
1.0 times debt to cash flow	<ul style="list-style-type: none"><li>• Maintained strong financial position with net debt of 1.0 times annualized funds from operations as at March 31, 2010.</li></ul>

# Daylight Corporate Conversion

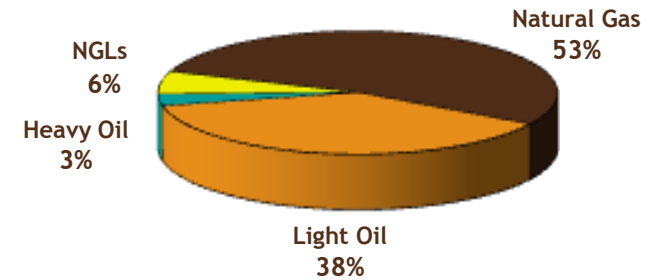
- Transaction approved by 99.7% of Daylight unitholders at Annual and Special Meeting of Unitholders on May 6, 2010.
- Unitholders received one Daylight Energy common share for each trust unit held.
- Daylight Energy's common shares started trading on the Toronto Stock Exchange ("TSX") Wednesday, May 12, 2010 under the symbol DAY.
- Convertible debentures are convertible for Daylight Energy common shares and continue to be listed on the TSX under the symbols DAY.DB.B, DAY.DB.C and DAY.DB.D.

# Daylight's Deep Basin Oil & Liquids Focus

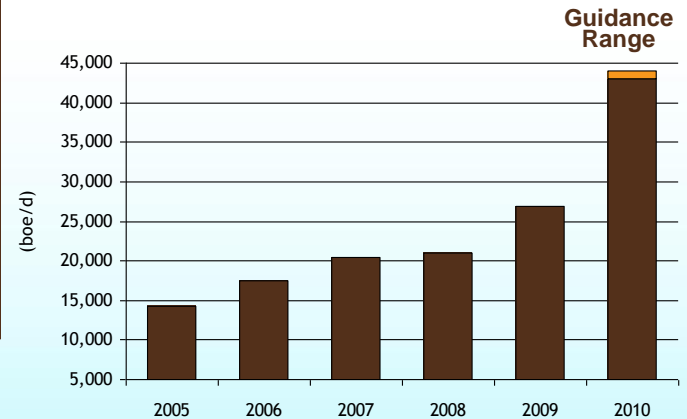


## Solid Focused Western Canadian Sedimentary Basin Production Base

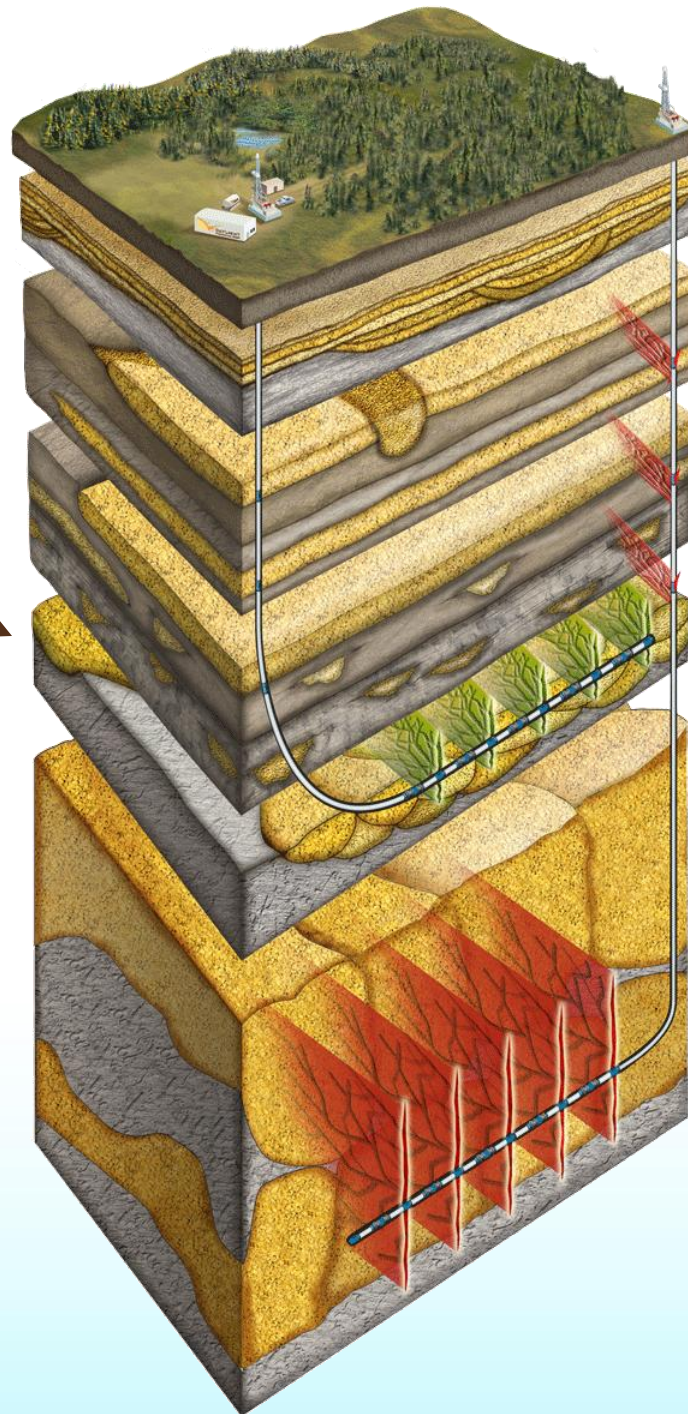
### Estimated Production Split



### Daily Production (boe/d)



Horizontal and multi-stage frac technology can be utilized to complete horizontal resource play oil opportunities such as the Pembina Cardium.



This technology can also be applied to combine horizontal and vertical completions of resource play and conventional gas in areas like Elmworth for the Nikanassin and Cadomin.

# Daylight's Updated 2010 Capital Program & Production Guidance

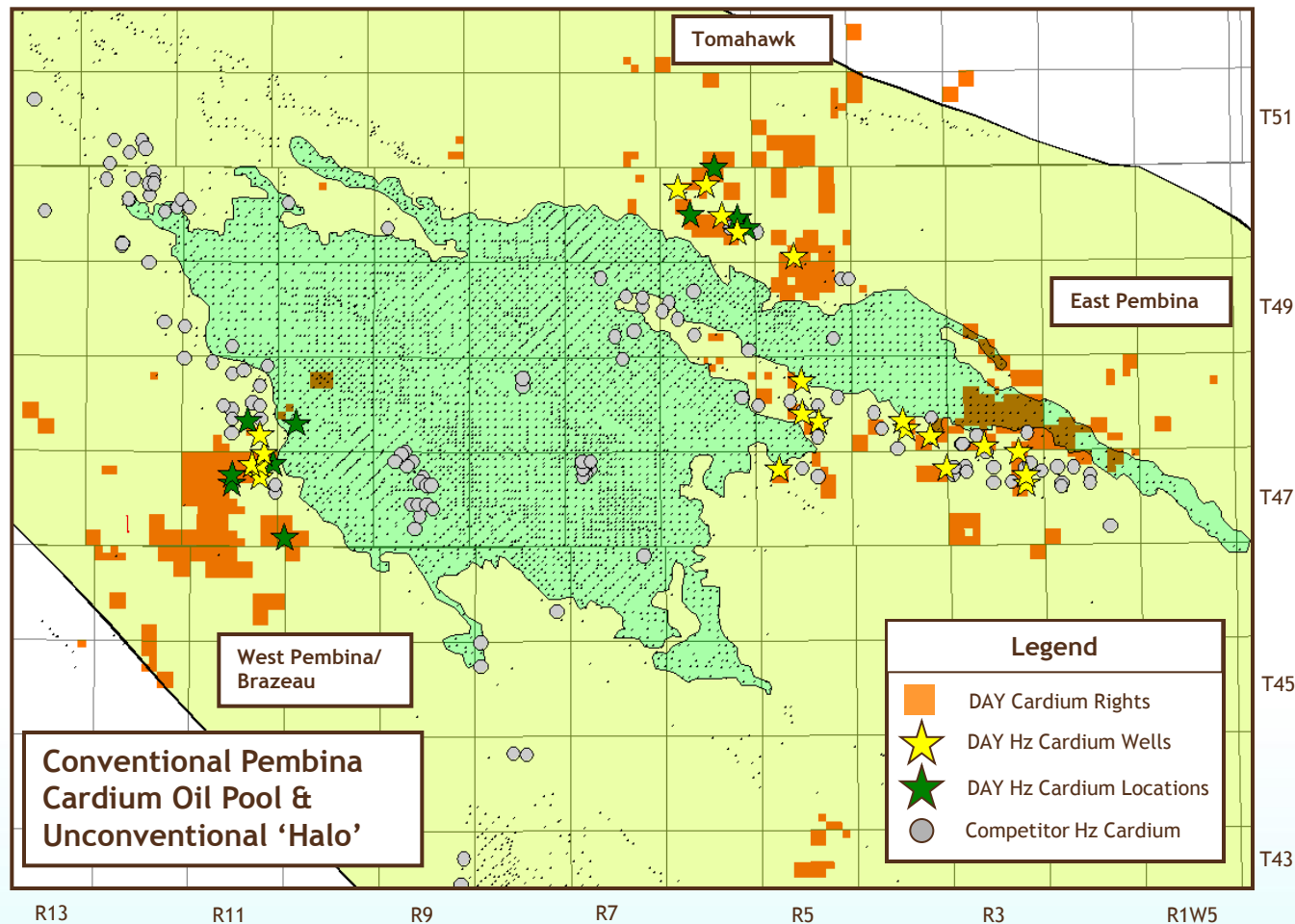


\$300 million capital program split among high quality Daylight assets

<b>Pembina</b>		
\$175 million	Cardium Hz	Light Oil
<b>West Central</b>		
\$75 million	Bluesky & Cardium Hz Wilrich & Montney Hz Multi-zone Cretaceous Vertical	Liquids Rich Natural Gas Natural Gas Natural Gas
<b>Elmworth / NE British Columbia</b>		
\$50 million	Cadomin Hz & Uphole Cretaceous Nikanassin Hz Doe Creek Hz	Natural Gas Natural Gas Light Oil
<b>Total</b>		
\$300 million		

2010 production guidance between 43,000 and 44,000 boe/d with an anticipated 2010 exit rate of over 47,000 boe/d.

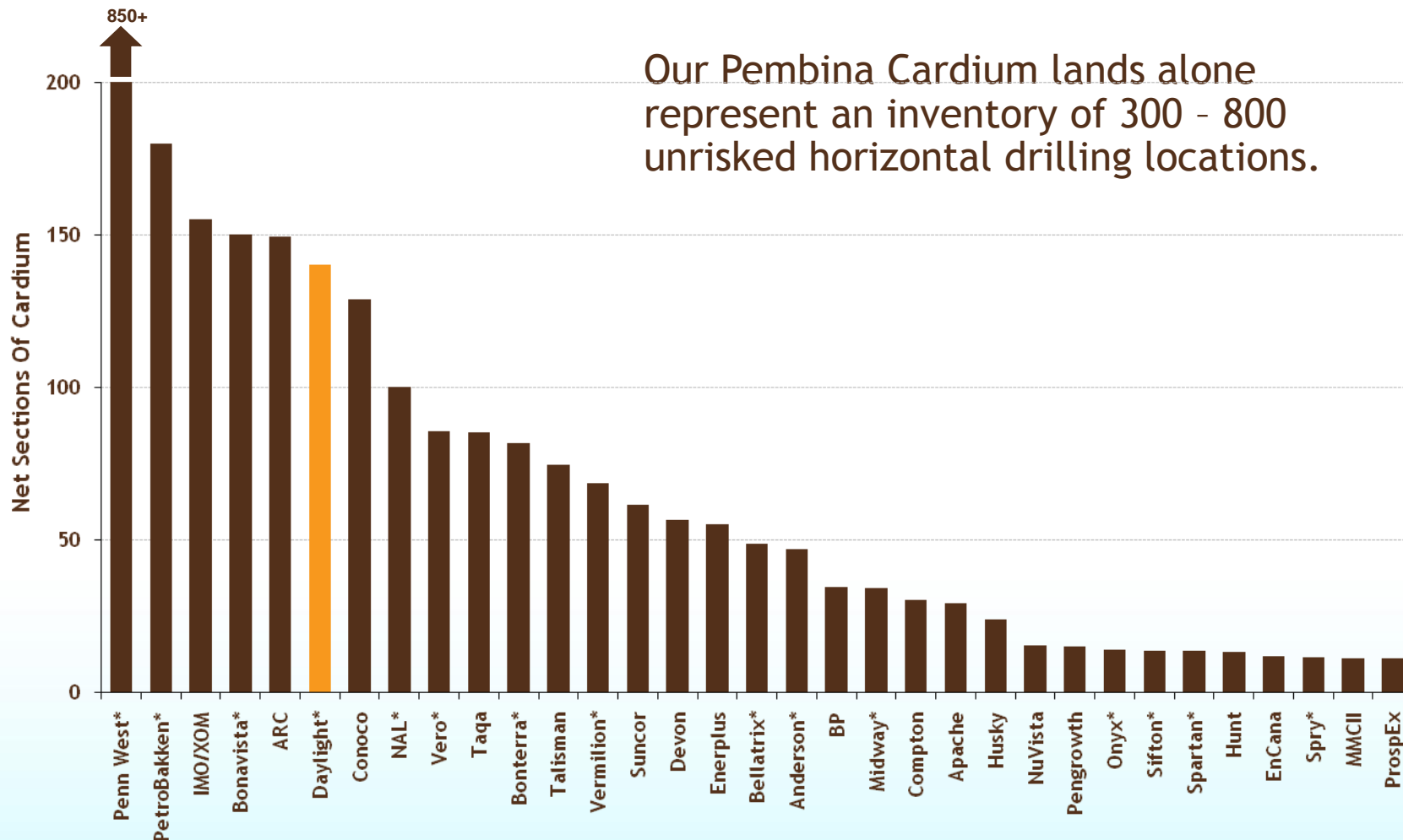
# Over 100 Net Sections of Pembina Cardium Light Oil Potential



- Over 30 wells expected to be drilled in 2010.
- In excess of 100 net sections of highly prospective Pembina Cardium land.
- 9 (8.4 net) DAY wells drilled to date in Pembina.
- Current Cardium production ~ 1,800 boe/d from first 5 (4.7 net) new wells.
- Initial Tomahawk well IP rate over 2,100 boe/d. Results after 2 months:
  - Rate > 1,000 boe/d
  - Cum > 60,000 bbls

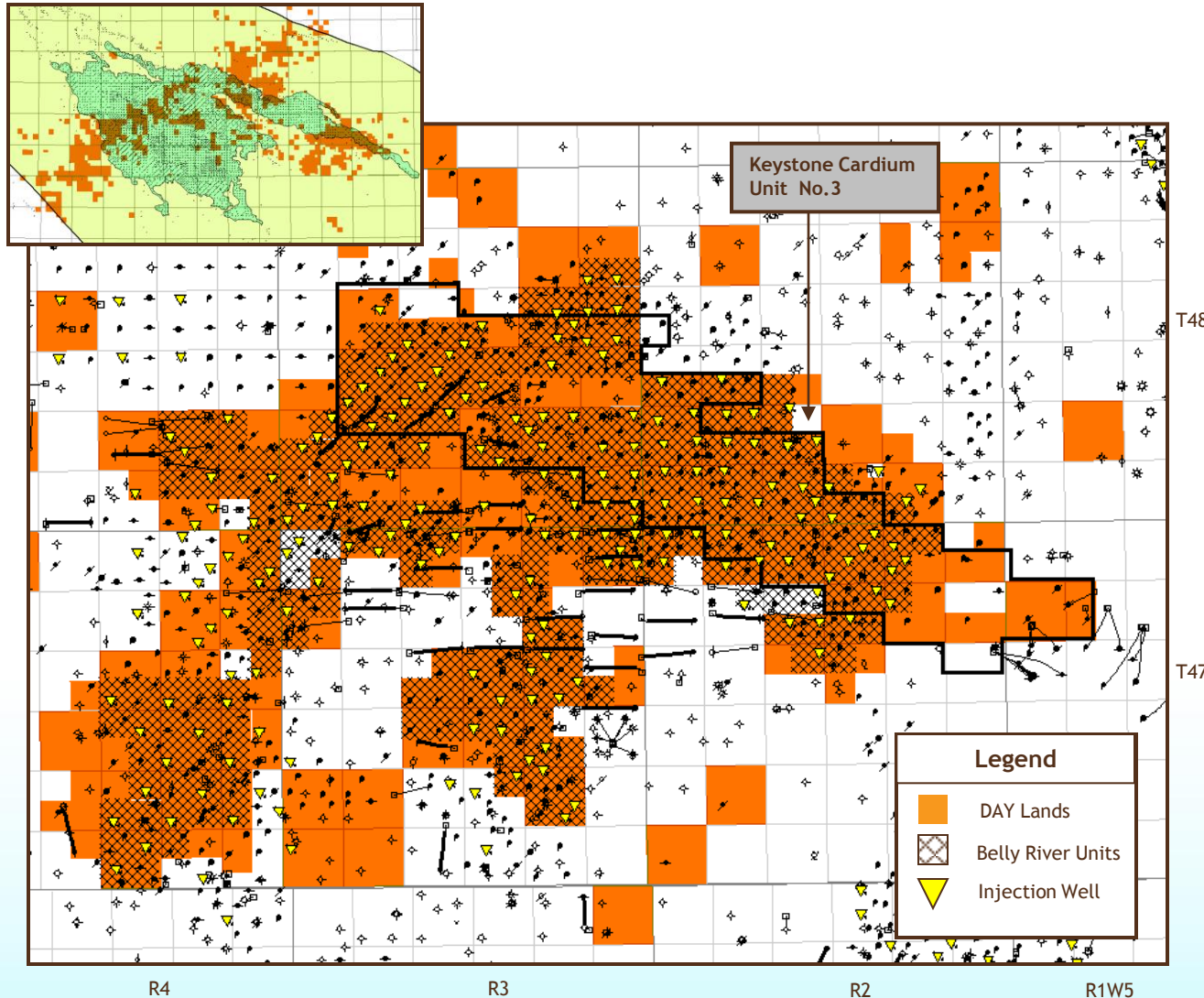
Conventional Cardium development has produced over 1 billion barrels of light oil

# Leading Cardium Position in the Pembina to Garrington Fairway



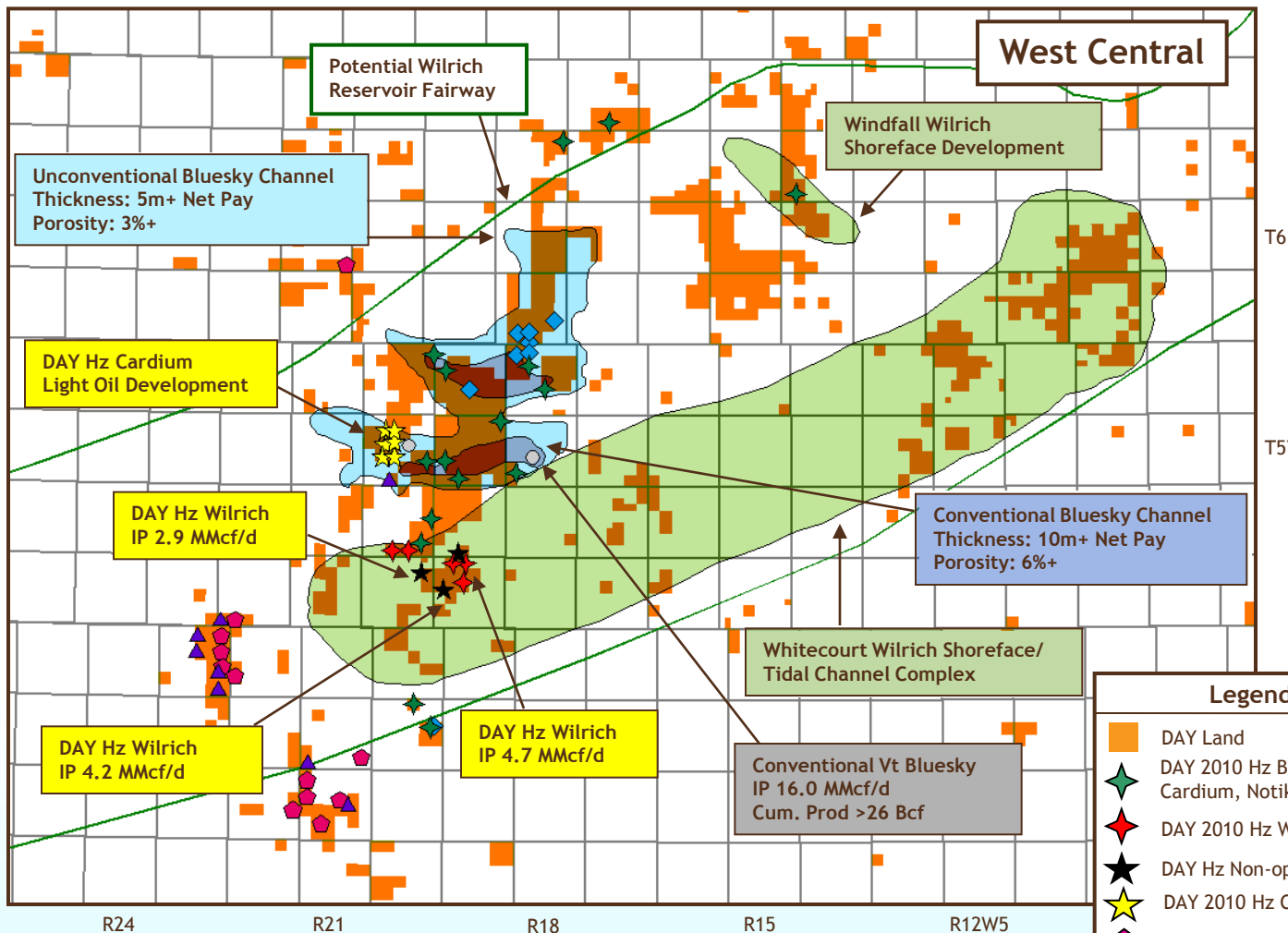
\* Indicates a company estimate  
 Source: Macquarie Securities and Daylight - January 2010

# Large OOIP - Pembina Belly River Pool



- Belly River oil pool: 400 million bbl OOIP (80% WI) with low decline rate and recovery factor to date.
- Horizontal well opportunities, optimization upside.
- Potential reserve & production gains from increased recovery factors.
- Preliminary planning for one horizontal well in late 2010.

# West Central Area Liquids & Natural Gas Opportunities

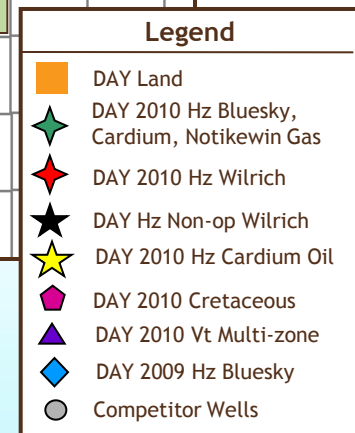


## Bluesky - Liquids Rich Gas

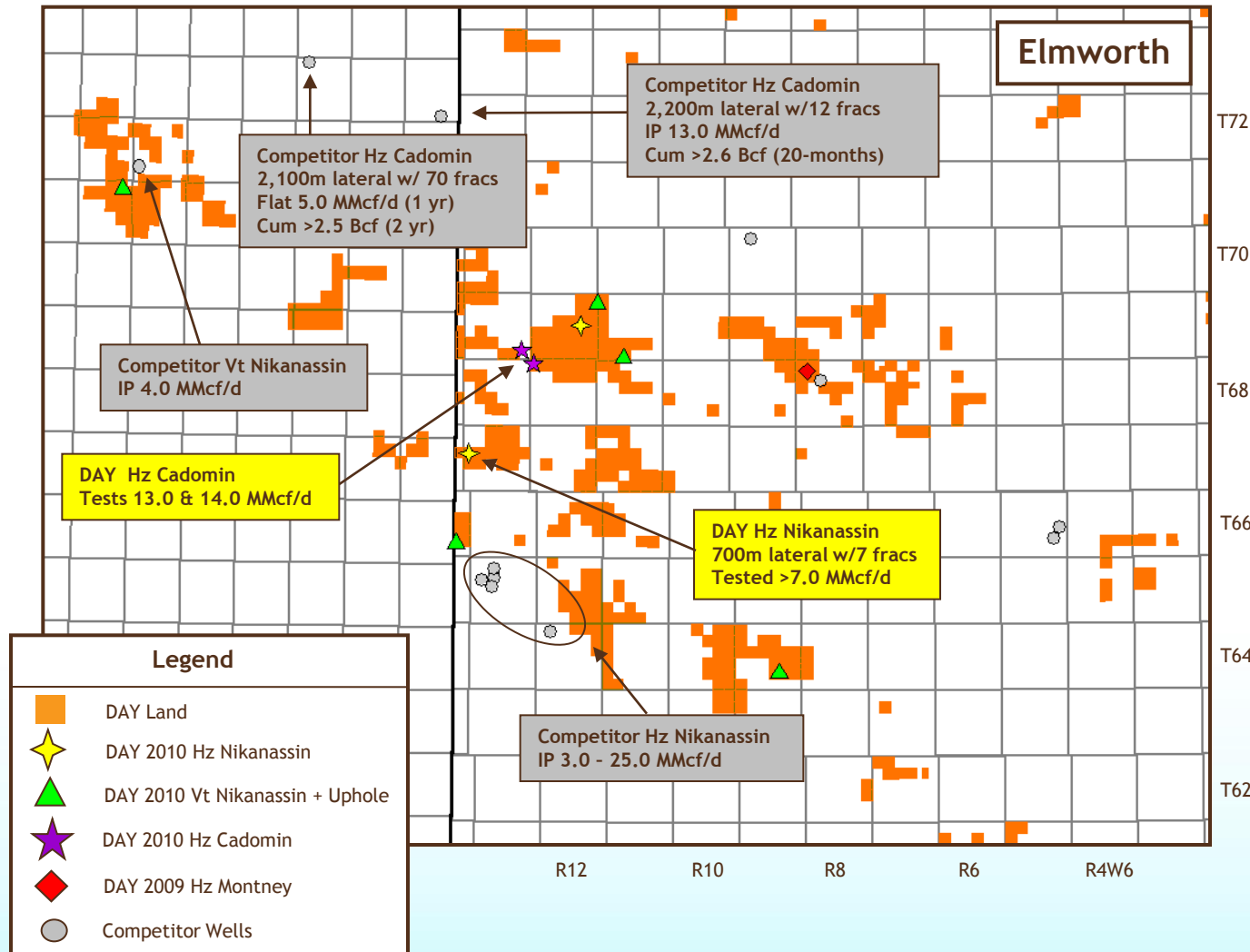
- Initial IP rates between 3.0 & 9.0 mmcf/d with high associated liquids rates.

## Cardium - Oil

- Based on initial success in the area, including a Cardium well that came on production at 370 boe/d, Daylight has drilled 3 gross (100% WI) wells to be completed in Q2.



# Elmworth & NE BC - Resource Play Gas Cadomin, Nikanassin & Montney



- Total land base of over 400 gross (265 net) sections including:

Zone	Net Sections
Cadomin	over 200
Nikanassin	over 200
Montney	~ 40

- IP rates for two most recent Cadomin wells of 13 and 14 mmcf/d.
- Daylight's first 700m Nikanassin Hz well tested at over 7.0 mmcf/d.

# Balanced Resource Play Inventory Over 1,000 Net Unbooked Drilling Locations

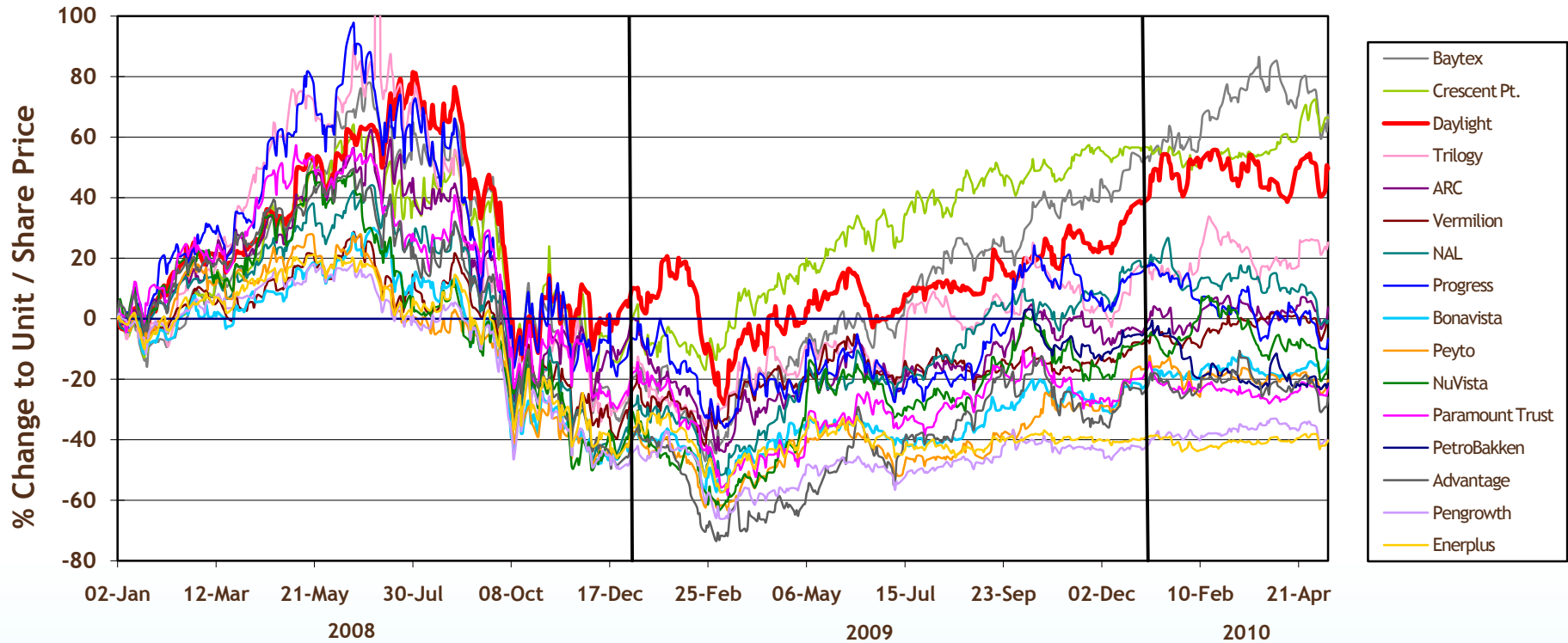


Area	Zone	Net Sections of Land in Fairway	Wells Per Section	Net Original Unrisked Drilling Inventory	Net Booked Locations	2010 Drilling Program (Gross)
<b>Oil / Liquids Rich Resource Plays</b>						
Pembina	Cardium Light Oil	100	3 - 8	300 - 800	28	30+
Pine Creek	Cardium Light Oil	12	4 - 8	50 - 100	0	12
West Central	Bluesky (Liquids Rich Gas)	17	2 - 5	34 - 85	4	11
Pembina	Belly River Oil (TBD)	-	-	-	-	1
<b>Sub Total</b>		<b>129</b>		<b>384 - 985</b>	<b>32</b>	<b>54+</b>
<b>Natural Gas Resource Plays</b>						
Elmworth	Cadomin Hz & Uphole Cretaceous	225	2 - 3	450 - 675	43	2
Elmworth	Nikanassin (Vt)	140	2 - 3	280 - 420	3	5
Elmworth	Nikanassin (Hz)	60	2 - 3	120 - 180	0	2
West Central	Cretaceous	24	2 - 3	48 - 72	7	16
<b>Sub Total</b>		<b>449</b>		<b>898 - 1,347</b>	<b>53</b>	<b>25</b>
<b>Total (+/-)</b>		<b>578</b>		<b>1,282 - 2,332</b>	<b>85</b>	<b>79+</b>
<b>Remaining Inventory</b>				<b>1,200 - 2,200</b>		

Note: Net booked locations reflect locations to which GLJ had assigned reserves at year-end 2009.

# Daylight Investment Opportunity

Peer Group Share/Unit Price Performance Since January 2, 2008



(January 2, 2008 - Closing May 11, 2010)

Daylight	52 week high	\$11.68
	52 week low	\$ 7.02
	May 11, 2010	\$11.10

# Financial Profile



*All Financial amounts throughout Presentation are in Canadian Dollars unless otherwise stated.*

Market Capitalization May 11, 2010 (\$11.10 per unit):	Current \$2.3 Billion
Total Enterprise Value (approximate):	\$3.1 Billion
Current Shares Outstanding (Basic):	204 Million
Trading Symbol (Canada - TSX):	DAY
Average Daily Trading Volume (Q1 2010):	1,290,871 units
Monthly Dividend (May - June 2010):	\$0.05/share
Bank Debt Credit Facility:	\$650 Million
Bank Debt May 12, 2010 (approximate):	\$350 Million
Convertible Debenture Outstanding (face value May 11, 2010):	\$301 Million
Convertible Debentures Trading Symbols (Canada - TSX):	DAY.DB.B DAY.DB.C DAY.DB.D

# Analyst Coverage

<b>Company</b>	<b>Analyst</b>	<b>Email</b>
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# Corporate Information



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President & CEO

**Steve Nielsen**

Chief Financial Officer

**Ted Hanbury**

Executive Vice President

**Pam Kazeil**

Vice President, Finance

**Brent Eshleman**

Vice President, Exploitation  
Engineering

**Randy Ford**

Vice President, Operations

**Steve Horner**

Vice President, Business Services

**Jerry Simpson**

Vice President, Production

**Cam Proctor**

General Counsel & Corporate  
Secretary

## DIRECTORS

**Fred Woods (Chairman)**

**Anthony Lambert**

**Dennis Chorney**

**Rick Orman**

**Gordon Stollery**

**Jeff Tonken**

**David Tuer**

**Graham Wilson**

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Bank of Nova Scotia

Bank of Montreal

Toronto Dominion Bank

National Bank of Canada

BNP Paribas

Royal Bank of Canada

Alberta Treasury Branches

Union Bank

HSBC Bank of Canada

## LEGAL COUNSEL

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## AUDITOR

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## EVALUATION ENGINEERS

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## TRANSFER AGENT

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