

DAYLIGHT ENERGY ANNOUNCES CLOSING OF WEST ACQUISITION, PROVIDES UPDATED 2010 GUIDANCE AND ANNOUNCES MAY & JUNE 2010 DIVIDEND

Calgary, May 12, 2010 - (DAY-TSX) Daylight Energy Ltd. ("Daylight" or the "Corporation") is pleased to announce the closing of our acquisition of West Energy Ltd. ("West"). Daylight also provides updated 2010 capital expenditure and production guidance and announces a \$0.05 monthly dividend per common share for May and June of 2010.

ACQUISITION OF WEST ENERGY LTD.

Daylight's acquisition of West continues our strategy of executing transactions with near-term cash flow strength supported by long-term development potential to provide growth opportunities for our shareholders. The acquired assets are highly complementary to Daylight's Pembina operations and expand our position in this active region of Alberta.

The transaction was approved at the annual and special meeting of West shareholders and by the Court of Queen's Bench of Alberta on May 11, 2010. Over 99% of the votes cast by the West shareholders, present at the meeting in person or by proxy, voted in favor of the transaction. Daylight has acquired all of the issued and outstanding common shares of West through the cash payment of \$115 million and the issuance of approximately 29 million Daylight common shares which results in Daylight having approximately 204 million common shares outstanding as at closing. It is expected that the West common shares will be delisted from the TSX on or about May 17, 2010. Highlights of the West acquisition include:

- Increases Daylight's Cardium rights in the Pembina area to over 100 net sections.
- Adds unrisks drilling inventory of 80 to 160 horizontal Cardium light oil locations to Daylight's inventory at Pembina.
- Provides substantial light oil asset opportunities beyond the Cardium horizontals, in particular the Belly River which has large original oil in place and the potential to significantly improve recovery factors and increase reserves.
- Generates synergies and opportunities to reduce operating costs by combining Daylight and West's existing light oil facilities, gathering systems and infrastructure.

Daylight has also amended and restated our credit facilities to a capacity of \$650 million and as at closing, approximately \$350 million is drawn against these credit facilities. Daylight's balance sheet continues to provide significant capacity and flexibility to fund our capital program while remaining well positioned to execute on strategic acquisitions as they arise.

UPDATED 2010 GUIDANCE

Daylight also announces that we are maintaining our 2010 capital budget at \$300 million and updates our production guidance for the 2010 year taking into account the acquisition of West.

Our 2010 capital program has become more oil focused with reallocations across our inventory of repeatable, low risk resource play projects in our key growth areas of Pembina (Cardium light oil), West Central (Cardium light oil and liquids rich natural gas) and Elmworth (natural gas). Daylight's 2010 drilling program will continue to use and improve upon our successful horizontal drilling techniques and innovative completion technologies that significantly contributed to our recent operational success. Daylight's asset base, including the production volumes acquired from West and our 2010 capital program, is expected to deliver average production of 43,000 to 44,000 boe per day for 2010 with an anticipated 2010 exit rate of over 47,000 boe per day (an increase of over 23% from Q4 2009 production levels). Updated 2010 production guidance includes the previously announced deferred on stream timing of over 20 million cubic feet ("mmcf") per day of new production capacity from our Q1 2010 capital program until mid-Q4 2010 with an estimated impact of 1,000 to 1,500 boe per day on Daylight's 2010 production volumes. This deferral is intended to allow Daylight to take advantage of the strong initial flow rates of these wells at a later time when Daylight management expects natural gas prices to be stronger. Daylight's production volumes for the remainder of 2010 are expected to be weighted approximately 45% to 50% towards oil and natural gas liquids ("NGLs") with the balance consisting of natural gas. Daylight's current production, including volumes acquired from West, is approximately 45,000 to 46,000 boe per day.

CAPITAL EXPENDITURE PROGRAM

Daylight's 2010 capital expenditure program reflects a significantly increased pace of investment in our Cardium horizontal light oil program, while continuing to advance our other key resource play developments. Capital has been reallocated to our core areas with the following geological zones and commodity targets:

Core Area	2010 Capital Allocation	Geological Zone & Commodity Target
Pembina	\$175 million	Cardium (Horizontal) - Light Oil
West Central	\$ 75 million	Bluesky (Horizontal) - Liquids Rich Natural Gas Cardium (Horizontal) - Liquids Rich Natural Gas Wilrich (Horizontal) - Natural Gas Montney (Horizontal) - Natural Gas Cretaceous (Multi-zone) - Natural Gas
Elmworth	\$ 50 million	Cadomin (Horizontal) - Natural Gas Nikanassin (Horizontal) - Natural Gas Doe Creek (Horizontal) - Light Oil Uphole Cretaceous (Multi-zone) - Natural Gas
Total	\$300 million	

MAY & JUNE 2010 DIVIDEND

Daylight also announces that it will pay a cash dividend of \$0.05 per common share for the months of May and June 2010, as set forth below:

Record Date	Ex-Dividend Date	Dividend Payment Date	Dividend Per Share*
May 31, 2010	May 27, 2010	June 15, 2010	\$0.05
June 30, 2010	June 28, 2010	July 15, 2010	\$0.05

* The dividend is considered an "eligible dividend" for tax purposes.

The Board of Directors of Daylight has set the May and June dividend at \$0.05 per common share per month. Daylight expects to pay a sustainable dividend on a monthly basis, provided however that any decision to pay dividends on the common shares will be made by the Board of Directors on the basis of Daylight funds from operations, earnings, financial requirements, commodity price levels, legal requirements and other conditions existing at such future times.

Daylight currently intends to designate all dividends to be "eligible dividends" for the purposes of the *Income Tax Act* (Canada) such that shareholders who are individuals will benefit from the enhanced gross-up and dividend tax credit mechanism under the *Income Tax Act* (Canada).

Daylight is a growing intermediate oil, liquids rich natural gas and natural gas producing company with a high quality suite of resource play assets in Western Canada. Daylight's highly focused team utilizes technical expertise in exploitation, development and acquisitions to create long-term value for shareholders. The Daylight team has developed a multi-year inventory of repeatable, low risk exploitation resource play projects with substantial potential reserve additions on assets owned and controlled in the premier Deep Basin area of Alberta and Northeast British Columbia. Daylight has approximately 204 million common shares currently outstanding which will trade on the TSX under the symbol DAY. Daylight Series B, Series C, and Series D convertible debentures trade on the TSX under the symbols DAY.DB.B, DAY.DB.C and DAY.DB.D, respectively.

An updated corporate presentation is available on Daylight's website at www.daylightenergy.com.

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Forward-Looking Information and Statements

This press release 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 press release contains forward-looking statements and information concerning: the anticipated timing of the delisting of West's common shares from the Toronto Stock Exchange; 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; and expected initial production rates of certain deferred natural gas production.

The forward-looking statements and information in this press release 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 press release 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.

The forward-looking statements and information contained in this press release 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 press release 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.

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