



TRAFINA
ENERGY LTD.

Q1 2009 MANAGEMENT'S
DISCUSSION & ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis ("MD&A") is a review of Trafina Energy Ltd's (the "Company" or "Trafina") financial results for the three months ended March 31, 2009 and should be read in conjunction with the interim financial statements and accompanying notes for the three months ended March 31, 2009 and the Company's audited financial statements and MD&A for the year ended December 31, 2008. The discussion provided herein is incremental to the MD&A in respect of the audited financial statements for the year ended December 31, 2008. This MD&A is dated May 25, 2009.

All references to dollar values refer to Canadian dollars, unless otherwise stated.

In this MD&A, reserves and production are commonly stated in barrels of oil equivalent (BOEs) on the basis that six thousand cubic feet (Mcf) of natural gas is equivalent to one barrel of oil (Bbl). **BOEs may be misleading, particularly if used in isolation.** A BOE conversion ratio of 6 Mcf to 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent an equivalency of value at the wellhead.

FORWARD LOOKING STATEMENTS

Certain information set forth in this MD&A contains forward-looking statements. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. These risks include, but are not limited to: credit risks, access to capital, risks associated with the oil and natural gas industry, commodity prices, and exchange rate changes. Industry related risks include, but are not limited to: operational risks in exploration, development and production of oil and natural gas and production risks associated with sour hydrocarbons, dependence on third-party owned and operated production facilities, availability of skilled personnel and services, failure to obtain industry partners, regulatory and other third-party consents and approvals, delays or changes in plans, risks associated with the uncertainty of reserve estimates, health, safety and environmental risks and the uncertainty of estimates and projections of, production, costs and expenses. The risks outlined above should not be construed as exhaustive. Readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by applicable securities laws, the Company undertakes no obligation to update or revise any forward-looking statements.

NON-GAAP MEASURES

The MD&A uses the term "funds flow from (used in) operations", which is not defined under Canadian GAAP ("GAAP") and should not be considered an alternative to, or more meaningful than, cash flow from (used in) operating activities as determined in accordance with Canadian GAAP as an indicator of the Company's performance. Trafina's determination of funds flow from (used in) operations may not be comparable to that reported by other companies. The Company also presents funds flow from (used in) operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share. Management believes that in addition to cash flow from operating activities, funds flow from (used in) operations is a useful supplemental measure as it demonstrates Trafina's ability to generate cash necessary to repay debt or fund future growth through capital investment before changes in non-cash working capital balances. Investors are cautioned, however, that the measure should not be construed as an alternative to cash flow from operating activities determined in accordance with GAAP as an indication of Trafina's performance.

The following table reconciles cash flow from (used in) operating activities to funds flow from (used in) operations:

	Three Months Ended	
	2009	2008
Cash flow from (used in) operating activities	96,544	\$687,777
Change in non-cash operating items	(21,278)	(700,246)
Funds flow from (used-in) operations	\$75,266	\$(12,469)

The Company also considers field netback a key performance measure. However, field netback is not defined under GAAP and therefore may not be comparable with the calculation of similar measures by other companies. Field netback is comprised of the Company's revenue from petroleum and natural gas sales and other income less royalties and operating expenses. A reconciliation of field netback (non-GAAP) to net loss (GAAP) is presented under the *Netback Analysis* section of this MD&A. In addition, the Company presents "Net debt and working capital deficiency," which may consist of accounts payable and accrued liabilities, bank debt and the current portion of ARO less current assets.

OVERVIEW

Trafina is an oil and gas exploration, development and production company operating in the Province of Alberta, Canada. Its core operational activities are in the Wetaskiwin area, which provided approximately 75% of the Company's production in the three months ended March 31, 2009.

As a result of a successful 2008 capital program, the Company placed on production an additional 8 (2.7 net) wells and production averaged 423 boe/day in the first three months of 2009, which increased 71 percent over average production of 248 boe/day in the same period in 2008. Despite cold weather conditions and well servicing, the Company was able to maintain a production level consistent with the fourth quarter of 2008.

In January 2009, 440,000 stock options were granted to directors, officers and employees of the Company at an exercise price of \$0.30 per option.

SELECTED FINANCIAL INFORMATION

	For the three months ended March 31		
	2009	2008	% Change
Total gross oil and gas revenue (\$)	1,180,249	1,110,936	+6
Royalties (\$)	166,456	148,148	+12
Operating, processing, and transportation expenses (\$)	529,228	372,951	+42
Funds flow from (used-in) operations ⁽¹⁾ (\$)	75,266	(12,469)	---
per basic common share (\$)	0.01	---	
per diluted common share (\$)	0.01	---	
Weighted average basic shares outstanding	11,265,805	5,776,451	---
Weighted average diluted shares	11,333,174	5,776,451	---
Loss before income taxes (\$)	(878,817)	(479,038)	-83
Net loss (\$)	(683,782)	(337,038)	-103
per basic and diluted common share (\$)	(0.06)	(0.06)	
Net capital expenditures (\$)	227,289	1,827,859	-88
Total assets (\$)	16,559,483	16,327,918	+1
Net debt and working capital deficiency ⁽²⁾ (\$)	(3,712,758)	(3,067,111)	-21

(1) Funds flow from (used in) operations is a Non-GAAP Measure. See "Non-GAAP Measures" in this MD&A.

(2) Net debt and working capital deficiency consists of accounts payable and accrued liabilities and bank debt less current assets.

PRODUCTION

	Three Months Ended March 31		Change
	2009	2008	
Natural gas	2,259 mcf/day	1,167 mcf/day	94 %
Oil and natural gas liquids	47 bbls/day	53 bbls/day	(11) %
Total production	423 boe/day	248 boe/day	71 %

Trafina's production for the three months ended March 31, 2009 increased 71 percent over the same period in 2008, mainly as a result of Trafina's successful 2008 capital program. In the first quarter of 2009, an additional 8 (2.7 net) wells that were drilled or recompleted in 2008 commenced production.

BENCHMARK PRICES

	Three Months Ended March 31	
	2009	2008
AECO daily spot price	\$4.94/mcf	\$7.97/mcf
West Texas Intermediate (WTI)	US\$42.86/bbl	US\$97.87/bbl
Edmonton Par	\$50.12/bbl	\$98.22/bbl
US/CDN \$ average exchange rate	0.80	1.00

With the continuation of the global credit crisis, uncertainty regarding the longevity of a global recession and increased U.S. gas storage levels, natural gas prices continued to decline in the first quarter of 2009 with the AECO daily spot price averaging \$4.94/mcf. Similarly, oil prices faced downward pressure in the first quarter of 2009 averaging US\$42.86/bbl.

COMPANY REALIZED PRICES

	Three Months Ended March 31	
	2009	2008
Natural gas	\$4.96/mcf	\$7.79/mcf
Oil and natural gas liquids	\$40.60/bbl	\$59.03/bbl
Total	\$30.98/boe	\$49.31/boe

A continued decline in benchmark prices in 2009 impacted the price the Company received for its production. Trafina's average natural gas price for the three months ended March 31, 2009 was \$4.96/mcf, which was 36 percent lower than the \$7.79/mcf realized for the three months ended March 31, 2008. The Company's average oil and natural gas liquids price for the three months ended March 31, 2009 was \$40.60/bbl, which was 31 percent lower than the \$59.03/bbl realized in the first three months of 2008.

REVENUE

	Three Months Ended March 31	
	2009	2008
Natural gas	\$1,008,917	\$825,864
Oil and natural gas liquids	171,332	285,072
Total revenue	\$1,180,249	\$1,110,936

Revenue for the three months ended March 31, 2009 was \$1,180,249, representing a 6 percent increase over the same period in 2008. The increase was a result of a significant boost in production, offset by weaker commodity prices. Revenue for the first three months of 2009 was slightly lower than the last three months ended December 31, 2008 due mainly to lower commodity prices.

OTHER REVENUE

	Three Months Ended March 31	
	2009	2008
Other revenue	\$7,322	\$13,199

Other revenue relates to miscellaneous processing and interest revenue.

ROYALTIES

	Three Months Ended March 31			
	2009	Royalty as % of revenue	2008	Royalty as % of revenue
Total royalties	\$166,456	14	\$148,148	13

Royalty payments as a percentage of revenue were relatively flat in the first three months ended March 31, 2009 compared to the same period in 2008. The majority of the Company's production comes from shallow gas wells that have low production rates; thus the impact from the new Alberta Government royalty framework was minimal. In order to benefit from a new Crown royalty incentive introduced in 2009 (whereby new wells are given a 5% maximum royalty rate for the first twelve months of production from April 5, 2009 to April 5, 2010), subsequent to the end of the first quarter of 2009 the Company, along with its joint venture partner, deferred the commencement of production from three wells to April 2009.

OPERATING EXPENSES

	Three Months Ended March 31			
	2009	\$/boe	2008	\$/boe
Operating expenses	\$529,228	\$13.89	\$372,951	\$16.55

Operating expenses including processing and transportation costs for the three months ended March 31, 2009 were \$529,228 (\$13.89/boe), which decreased 16 percent over the same period in 2008. The decrease was mainly due to operating costs being spread over a larger production base in the Company's Wetaskiwin area as a result of new well production. Operating expenses for the three months ended March 31, 2009 were slightly higher than the last three months of 2008 mainly due to cold weather, charges for well servicing, and compressor repairs.

FIELD NETBACK

	Three Months Ended March 31			
	2009	\$/boe	2008	\$/boe
Petroleum and natural gas revenue	\$1,180,249	\$30.98	\$1,110,936	\$49.31
Other revenue	7,322	0.19	13,199	0.59
Royalty	(166,456)	4.37	(148,148)	6.58
Operating expenses	(529,228)	13.89	(372,951)	16.55
Field netback ⁽¹⁾	\$491,887	\$12.91	\$603,036	\$26.77
Sales volumes (boe)	38,100		22,529	

(1) See NON-GAAP MEASURES.

Trafina's average field netback decreased 18 percent to \$491,887 (\$12.91/boe) for the three months ended March 31, 2009, compared to \$603,036 (\$26.77/boe) for the three months ended March 31, 2008. The lower field netback was a result of higher production, offset by lower realized commodity prices, higher royalties and higher operating expenses.

GENERAL AND ADMINISTRATIVE (“G&A”) EXPENSE

	Three Months Ended March 31	
	2009	2008
G&A	\$379,506	\$609,562
G&A per boe	\$9.96	\$27.06

General and administrative expenses for the three months ended March 31, 2009 were 38% lower than the same period in 2008. Included in G&A expense for the three months ended March 31, 2008 was a severance payment to an executive officer of \$284,000. G&A expenses for the three months ended March 31, 2009 were flat when compared to G&A expenses over the last three months of 2008.

DEPLETION, DEPRECIATION, AND ACCRETION

For the three months ended March 31, 2009 and March 31, 2008, depletion, depreciation and accretion expense was \$956,594 (\$25.11/boe) and \$463,069 (\$20.55/boe), respectively. The Company's depletion calculation uses the unit-of-production method in its computation; hence, the increase in depletion expense for the three months ended March 31, 2009 over the three months ended March 31, 2008.

STOCK BASED COMPENSATION EXPENSE

Stock based compensation expense totaled \$23,842 for the three months ended March 31, 2009, compared to \$3,500 for the three months ended March 31, 2008. The increase in stock based compensation expense in 2009 relates to 790,000 stock options granted since October, 2008, including 440,000 options granted in January 2009 to directors and employees of the Company. As at March 31, 2009, 790,000 stock options were outstanding.

INTEREST EXPENSE

Interest expense for the three months ended March 31, 2009 and March 31, 2008 totaled \$10,762 and \$5,943, respectively. Included in interest expense for the three months ended March 31, 2009 is \$10,382 of accrued interest charges due to the Canada Revenue Agency for outstanding flow-through share obligations after February 2009. At March 31, 2009 the Company had fulfilled approximately \$880,000 of its \$2,021,000 flow-through obligation.

INCOME TAXES

Trafina's tax horizon depends on factors such as production, commodity prices, tax classifications of wells drilled and the nature of capital expenditures throughout the year. The Company recorded a future income tax recovery of \$221,388 for the three months ended March 31, 2009, compared to a future income tax recovery of \$142,000 for the three months ended March 31, 2008. A current tax expense of \$26,353 was recorded in the three months ended March 31, 2009, as a result of a Government of Alberta tax audit.

NET LOSS

	Three Months Ended March 31	
	2009	2008
Net loss	\$683,782	\$337,038

For the three months ended March 31, 2009, the Company recorded a net loss of \$683,782, compared to a net loss of \$337,038 reported in the three months ended March 31, 2008. Slightly higher revenues in 2009 were partially offset by higher royalties, operating expenses, depletion, depreciation and accretion expense.

Comprehensive loss consists of net loss and other comprehensive loss (“OCL”). Because the Company does not have any OCL, the Company's net loss and comprehensive loss are the same.

FUNDS FLOW FROM (USED-IN) OPERATIONS

	Three Months Ended March 31	
	2009	2008
Net loss	\$(683,782)	\$(337,038)
Add back items not involving cash:		
Depletion and accretion	956,594	463,069
Future income taxes (reduction)	(221,388)	(142,000)
Stock-based compensation	23,842	3,500
Funds flow from (used-in) operations ⁽¹⁾	\$75,266	\$(12,469)
Funds flow from operations per share –basic	\$0.01	\$---

(1) See *NON-GAAP MEASURES*.

Funds flow from operations for the three months ended March 31, 2009 increased to \$75,266 from funds flow used in operations of \$12,469 for the three months ended March 31, 2008. Negative funds flow used in operations in the first three months of 2008 was largely due to a severance payment of \$284,000 made to an executive officer.

NETBACK ANALYSIS

The following table reconciles field netback (non-GAAP) to funds flow from (used-in) operations (non-GAAP) to net loss (GAAP) for the three months ended March 31, 2009 and March 31, 2008:

	Three Months Ended March 31	
	2009	2008
Revenue	\$1,180,249	\$1,110,936
Other revenue	7,322	13,199
Royalty	(166,456)	(148,148)
Operating expenses	(529,228)	(372,951)
Field netback ⁽¹⁾	491,887	603,036
General and Administrative	(379,506)	(609,562)
Interest	(10,762)	(5,943)
Current tax	(26,353)	---
Funds flow from (used-in) operations ⁽¹⁾	75,266	(12,469)
Depletion and accretion	(956,594)	(463,069)
Future income tax recovery	221,388	142,000
Stock-based compensation	(23,842)	(3,500)
Net loss	\$(683,782)	\$(337,038)

(1) See *NON-GAAP MEASURES*.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2009, the Company had a net debt and working capital deficiency of \$3,712,758 due primarily to its 2008 capital program and reduced funds flow from operations.

The Company's main focus in 2009 is to fulfill its flow-through obligation, while maintaining acceptable debt levels. Notwithstanding the impact of favorable commodity prices on future funds flow, and the corresponding ability to reduce debt levels, it is anticipated that additional funds may be needed. Possible funding may be obtained through one or more equity financings and/or an increased credit facility. In addition, management continues to believe that advantageous transactions may be available in 2009 and remains committed to growing the Company through drilling programs, oil and gas property acquisitions and/or corporate transactions.

BANK DEBT

At March 31, 2009, the Company had drawn \$180,143 of its \$3,500,000 demand revolving operating credit facility. Subsequent to March 31, 2009, the Company's credit facility has been renewed by the lender and remains at \$3,500,000. The next scheduled review date is September 30, 2009. The Company was in compliance with its bank covenant.

EQUITY

Share Issues

In February, 2009, Trafina completed a non-brokered private placement to an employee of Trafina and issued 100,000 Class A common shares at a price of \$0.40 per share for gross proceeds of \$40,000. The 100,000 Class A common shares are subject to a hold period expiring June 4, 2009.

Flow-through Shares

In February 2009, the Company renounced \$2,021,000 million of flow-through obligations with an effective date of December 31, 2008 as a result of the issuance of common shares, issued on a flow-through basis pursuant to the Income Tax Act (Canada), in November 2008. As a result, a future income tax liability and commensurate reduction of share capital of \$525,459 was recorded in the three months ended March 31, 2009.

Normal Course Issuer Bid

In February of 2009, the TSX Venture Exchange approved a normal course issuer bid ("NCIB"), whereby the Company may purchase, for cancellation, up to 111,111 of its Class A common shares, during the period commencing February 27, 2009 and ending February 26, 2010. As of March 31, 2009, no shares have been purchased under the NCIB. A shareholder may obtain a copy of the notice relating to the NCIB, without charge, by contacting the Company at 1160, 1015 – 4th Street S.W. Calgary, AB T2R 1J4.

Stock Options

The Company has an employee stock option plan under which employees, consultants and directors are eligible to receive options. On January 15, 2009, the Board of Directors of Trafina approved the issuance of 440,000 stock options to employees and directors of the Company with an exercise price of \$0.30 per option. At March 31, 2009, 790,000 common stock options were outstanding, with an average exercise price of \$0.33 per option. For options granted, one third of the options vest on the day following the date of grant, one third on the day following the first anniversary date of the grant and the remaining options vest on the day following the second anniversary date of the grant.

OUTSTANDING SHARE DATA

Trafina is authorized to issue an unlimited number of Class A voting common shares, an unlimited number of Class B non-voting common shares and an unlimited number of preferred shares. As at May 25 2009, 11,302,472 Class A voting common shares were issued and outstanding. There are nil Class B non-voting common shares and nil preferred shares outstanding.

CAPITAL EXPENDITURES

The following table summarizes capital expenditures for the three months ended March 31, 2009 and March 31, 2008.

	Three months ended	
	2009	2008
Drilling, completions and recompletions	229,398	1,653,498
Equipping and facilities	244,244	174,361
Non-operated joint interest partner 2008 accrual adjustment	(246,469)	---
Other	116	---
Total capital expenditures	\$227,289	\$1,827,859

For the three months ended March 31, 2009, Trafina continued work on its successful 2008 Wetaskiwin area capital program by completing and equipping 7 (1.9 net) wells that were drilled in 2008. The Company also received notice from its joint interest partner at Wetaskiwin that equipping costs accrued in 2008 came in under budget resulting in a recapture of accrued 2008 capital expenditures of \$246,469. In total, the Company's capital expenditures for the three months ended March 31, 2009 were \$227,289.

CONTRACTUAL OBLIGATIONS

As a result of completing a private placement financing on November 28, 2008, the Company is required to spend approximately \$2,021,000 on eligible “flow-through” expenditures. At March 31, 2009, the Company estimated that it has spent approximately \$880,000 on qualifying flow through expenditures, leaving approximately \$1,141,000 of qualified expenditures to be incurred by December 31, 2009. The remaining qualified expenditures obligations will be funded by funds flow and bank debt.

Effective December 1, 2008, Trafina entered into a lease arrangement for office space. The Company’s total rent obligation for 2009 is approximately \$80,000.

TRANSACTIONS WITH RELATED PARTIES

A law firm of which the Corporate Secretary is a partner provides general and corporate legal services to the Company. For the three months ended March 31, 2009, fees for legal services billed from this related party were approximately \$42,000, which is included in accounts payable and accrued liabilities at March 31, 2009. These services are provided in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

HISTORICAL QUARTERLY FINANCIAL INFORMATION

Outlined below is a table of historical quarterly financial information over the last eight quarters:

	2009	2008				2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Production (boepd)	423	420	279	261	248	290	251	264
Revenue (\$)	1,187,571	1,651,810	1,609,142	1,505,335	1,124,135	1,123,890	1,176,605	1,164,516
Revenue (\$/boe)	31.19	42.75	62.69	63.38	49.81	42.12	50.95	48.47
G&A (\$)	379,506	386,265	377,557	386,491	609,562	442,761	377,784	413,953
Funds flow from (used-in) operations (\$) ⁽¹⁾	75,266	423,868	299,256	80,645	(12,469)	340,948	329,250	288,472
Funds flow per basic and diluted common share	\$0.01	\$0.05	\$0.05	\$0.01	---	\$0.06	\$0.06	\$0.05
Net loss (\$)	(683,782)	(400,307)	(187,767)	(417,464)	(337,038)	(11,755)	(248,418)	(219,302)
Net loss per basic and diluted common share	\$(0.06)	\$(0.05)	\$(0.03)	\$(0.07)	\$(0.06)	---	\$(0.04)	\$(0.04)
Capital expenditures (\$)	227,289	1,228,271	2,221,314	(18,093)	1,827,859	613,802	445,104	1,271,399
Net debt and working capital deficiency (\$) ⁽¹⁾	(3,712,758)	(3,631,929)	(4,921,251)	(2,972,298)	(3,067,111)	(1,216,727)	(943,873)	(828,019)

(1) See NON-GAAP MEASURES.

Funds flow from (used-in) operations in 2007 increased quarter over quarter. In the first quarter of 2008, the Company’s funds flow used in operations was \$12,469. This was a result of increased administrative expenses relating to a severance payment. In the remaining three quarters of 2008, funds flow from operations was impacted by the Company recording a bad debt expense of \$379,310 and \$225,551 respectively in the second and third quarters. In the first quarter of 2009, funds flow from operations decreased from the fourth quarter of 2008 primarily as a result of lower commodity prices.

In the fourth quarter of 2007, the Company had a lower net loss when compared to other quarters, largely as a result of income tax recoveries. In the first two quarters of 2008, larger net losses were recorded as a result of the aforementioned severance payment and bad debt expense. The third quarter of 2008 saw a slight recovery largely due to higher commodity prices. A net loss of \$400,307 in the fourth quarter of 2008 was mainly due to higher depletion expense as a result of increased production. In the first quarter of 2009, the Company had a net loss of \$683,782 primarily as a result of lower commodity prices and higher depletion expense.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

On January 1, 2009, the Company adopted Section 3064, “Goodwill and intangible assets” issued by the Canadian Institute of Chartered Accountants (“CICA”). It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The adoption of this section had no impact on the Company’s financial statements.

The CICA Accounting Standards Board (“AcSB”) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards (“IFRS”) by the end of 2011, including comparatives for 2010. The eventual convergence to IFRS may materially affect the Company’s financial position and results of operations. The Company is commencing its preparation for this transition.

ADDITIONAL INFORMATION

Additional information relating to the Company is filed on SEDAR at www.sedar.com or on the Company’s website at www.trafinaenergy.com. Information can also be obtained by contacting the Company at Trafina Energy Ltd., 1160, 1015-4th Street S.W., Calgary, Alberta T2R 1J4.