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TSX Venture Exchange - TFA.A

NEWS RELEASE

TRAFINA ENERGY LTD. ANNOUNCES \$6.6 MILLION CAPITAL BUDGET FOR 2010, INCLUDING PLANS TO DRILL UP TO FOUR CARDIUM WELLS IN PEMBINA

Calgary, Alberta – January 26, 2010 – Trafina Energy Ltd. ("Trafina" or "the Company") is pleased to announce that the Company's board of directors has approved a \$6.6 million capital budget for 2010. This year's capital program will focus on developing Trafina's newly acquired oil and natural gas assets in southwest Saskatchewan and the drilling of as many as four horizontal wells targeting the Cardium zone in the Pembina area of Alberta.

Trafina's strategy is to grow by acquiring undervalued assets that can be efficiently optimized and exploited. As announced on January 21, 2010, the Company took a significant step in this direction in November 2009 with the completion of the purchase from a Canadian chartered bank of all the outstanding indebtedness and liabilities of a private oil and gas corporation. The assets exchanged for the liabilities include a 100% working interest in more than 41 sections (26,240 net acres) of land in southwest Saskatchewan, including total proved plus probable reserves estimated by GLJ Petroleum Consultants Ltd. of approximately 1.3 million barrels of oil equivalent (effective December 31, 2007). After assigning a 20% interest in the acquired assets to a private Alberta company, Trafina now has an 80% interest in all the lands and production.

When the acquired properties were shut-in in February 2009, production averaged approximately 160 boe per day. Trafina's 2010 capital budget includes \$300,000 to restore suspended production by the end of January. An additional \$240,000 has been allotted to the potential replacement of down-hole pumping equipment. In the second half of 2010, Trafina expects to spend \$1.9 million drilling several new wells on the acquired properties targeting Upper Shaunavon and Madison oil production. To date, Trafina has identified six initial Upper Shaunavon and Madison locations. Other potential zones of interest include the Belly River and Lower Shaunavon.

In addition to Trafina's development program on its acquired properties in Saskatchewan, the Company is preparing to continue its high-impact Cardium development in the Pembina area of Alberta. On October 29, 2009 Trafina announced that it had agreed to farm-in on a multi-zone exploration well in the Pembina area. The Company paid 50% of the drilling and completion costs to earn a 32.5% interest in the test well. This well is currently being completed, and subject to completion results, the farmor may back-in for an additional 8.125% net interest such that Trafina will end up with a 24.375% interest in one section of land. Prospective zones encountered include the Notikewin, Ellerslie, Viking and Cardium. Trafina's 2010 capital program includes \$2.1 million to jointly drill up to four (1.0 net) Cardium wells. Completion of the existing well may result in gas production and sales from one or more of the aforementioned zones.

In order to minimize the impact of commodity price volatility, Trafina has entered into two physical forward contracts to ensure stable cash flow from its natural gas production. The Company has agreements in place to deliver 500 gigajoules (GJ) per day at \$5.15/GJ for November 2009 to October 2010 and the additional delivery of 250 GJ/day at \$5.30/GJ for April 2010 to October 2010. Trafina's hedging program remains a key component of a disciplined financial strategy. These contracts are designed to enable Trafina to execute its capital program and continue to grow.

In addition to Trafina's 2010 capital program, the Company has several non-operated Coal Bed Methane (CBM) wells in Wetaskiwin, Alberta as well as operated drilling, re-completion and tie-in opportunities in Retlaw and Ronalane in southern Alberta. Some of these opportunities may be developed later in 2010 if commodity prices remain buoyant. Based on field estimates, the Company's current production is approximately 450 boe per day prior to the addition of the southwest Saskatchewan property reactivations. This compares with average production of 402 boe per day in 2009 and 300 boe per day in 2008.

About Trafina

Trafina is a junior oil and gas company based in Calgary, Alberta. The Company's main areas of interest are in the Rangeview and Divide areas of southwest Saskatchewan and in the Pembina area of Alberta with other operated production in Wetaskiwin, Retlaw and Ronalane in Alberta. Trafina also has non-operated production in Viking/Kinsella, Alberta and minor interests in Jenner, Carson Creek/Judy Creek and Bindloss, Alberta. Trafina's shares trade on the TSX Venture Exchange under the stock symbol TFA.A.

Basis of Presentation and Cautionary Statement: Information in this press release expressed in barrels of oil equivalent (boes) is derived by converting natural gas to oil in the ratio of six thousand cubic feet (Mcf) of natural gas to one barrel (bbl) of oil. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Forward Looking Statements: This news release contains forward looking statements and forward looking information regarding, among other things, planned capital expenditures, exploration and development activities, Trafina's business strategy, reserves estimates associated with the recently acquired assets in southwest Saskatchewan, the anticipated restoration of production from the acquired assets in Saskatchewan, planned drilling activities and prospective zones of interest in the recently drilled Pembina well. Forward looking information is based on management's expectations regarding future growth, results of operations, production, future commodity prices and foreign exchange rates, future capital and other expenditures (including the amount, nature and sources of funding thereof), plans for and results of drilling activity, environmental matters, business prospects and opportunities and future economic conditions. Readers are cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Forward looking statements involve significant known and unknown risks and uncertainties. Reference is made to Trafina's annual information form for the year ended December 31, 2008 dated April 27, 2009 for a description of some of the risks that could affect the Company's future results and could cause results to differ materially from those expressed in the Company's forward looking statements. The forward looking statements contained in this news release are made as at the date hereof and, except as required by applicable securities laws, Trafina does not undertake any obligation to update publicly or otherwise any such statements.

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