



TSX Venture Exchange - TFA.A

NEWS RELEASE

TRAFINA ENERGY LTD. ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND NEW CREDIT FACILITY

Calgary, Alberta – May 26, 2010 – Trafina Energy Ltd. (“Trafina” or the “Company”) is pleased to announce its financial and operating results for the three months ended March 31, 2010. Trafina’s first quarter 2010 financial statements and management’s discussion and analysis (“MD&A”) have been filed on SEDAR at www.sedar.com and are available on the Company’s website at www.trafinaenergy.com.

Trafina’s focus for the three months ended March 31, 2010 was threefold. Firstly, operations were directed toward well start-ups, re-activations and facilities repairs and restorations at the newly acquired Rangeview and Divide properties. Secondly, the Company completed the Ellerslie zone in its previously drilled Rock Creek test well in the Pembina area of Alberta. Thirdly, the Company’s balance sheet was strengthened with the sale of various non-operated, non-core assets and negotiation of a new debt facility. The execution of these projects and other activities produced the following results:

- Increased production during the three months ending March 31, 2010 to 424 barrels of oil equivalent per day (boe/day) compared with 389 boe/day in the previous quarter. This was achieved despite the disposition of an average of 13 boe/day.
- Completed the acquisition of assets in southwest Saskatchewan and assigned an undivided 20 percent interest in the acquired assets to a private Alberta company.
- Added 42 boe/day of net production from acquired properties, with March production from the acquired properties averaging 78 boe/day and current production from the properties of approximately 100 boe/day.
- Successfully completed the Pembina test well for Ellerslie gas, thereby earning an undivided 24.375 percent interest in one gross section of land with potential to drill up to four Cardium horizontal oil wells (one net) in the second half of 2010.
- Disposed of three non-core area assets for net proceeds of \$1.5 million.
- Negotiated new debt facilities with a Canadian chartered bank, increasing the Company’s potential borrowing capacity to \$5.75 million.
- In April 2010, agreed to sell the remaining non-core working interest in the Jenner area to a third party for gross proceeds of \$1.1 million with closing expected to occur on or before May 31, 2010.

SELECTED FINANCIAL INFORMATION

	For the three months ended March 31		
	2010	2009	% Change
Total gross oil and gas revenue (\$)	1,515,528	1,180,249	+28
Royalties (\$)	205,263	166,456	+23
Operating, processing, and transportation expenses (\$)	1,144,843	529,228	+116
Funds flow from (used-in) operations ⁽¹⁾ (\$)	(343,013)	75,266	---
per basic and diluted common share (\$)	(0.02)	0.01	
Weighted average basic shares outstanding	18,294,595	11,265,805	---
Loss before income taxes (\$)	(1,175,329)	(878,817)	+34
Net loss (\$)	(904,940)	(683,782)	+32
per basic and diluted common share (\$)	(0.05)	(0.06)	
Net capital expenditures (dispositions) (\$)	(144,011)	227,289	---
Total assets (\$)	19,312,050	16,559,483	+17
Net debt and working capital deficiency ⁽²⁾ (\$)	(4,158,567)	(3,712,758)	+12

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

(2) Net debt and working capital deficiency consists of current assets and current liabilities less commodity contracts assets.

SELECTED OPERATING INFORMATION

	For the three months ended March 31		
	2010	2009	% Change
Natural gas	1,961 mcf/day	2,259 mcf/day	(13)
Oil and natural gas liquids	97 bbls/day	47 bbls/day	+106
Total production	424 boe/day	423 boe/day	0

On May 25, 2010 the Company closed a new credit facility agreement with a Canadian chartered bank to replace its existing facility. The new facilities consist of a \$4.5 million revolving operating demand facility, with interest charged on advances under the facility at the bank's prime rate plus 1.5 percent and a \$1.25 million acquisition and development demand facility, with interest charged on advances at the bank's prime rate plus 2.0 percent. The facilities are secured by a \$50 million fixed and floating charge debenture on all assets. The next review date is scheduled on or before October 1, 2010.

Outlook

In Ronalane, Alberta, Trafina is currently producing approximately 35 bbls/day. The Company expects to construct a four inch emulsion line, four inch salt water disposal lines, and perform minor battery modifications in order to tie-in five wells and increase production in the area by approximately 25 boe/day net. Trafina also has several Sawtooth oil re-entry and horizontal drilling opportunities in the area.

In February 2010, Trafina acquired a 100 percent interest in certain non-producing assets in the Brownfield area of east-central Alberta. At the time of the acquisition, the Company reported that there was no assurance licenses would be received from the Energy Resources Conservation Board to pursue reactivation and drilling on this property. The Company is pleased to report that all approvals have now been received to proceed with field activity, including re-activation of two wells that produced an average of 30 boe/day before they were shut in. Within the immediate area Viking production has been observed in several surrounding wells. Using this offsetting information, management believes there exists an uphole opportunity for oil in the Viking formation.

Trafina is taking steps to exploit its newly acquired assets in the Rangeview/Divide area of southwest Saskatchewan. The Company expects to drill several horizontal wells targeting oil in the Upper Shaunavon and Madison formations. Other zones of interest include the Belly River and Lower Shaunavon. In particular, Trafina expects to drill a horizontal leg in the Upper Shaunavon formation in June 2010. If successful, the Company plans to drill two to three follow-up wells in the fourth quarter of 2010.

In the Pembina area of central Alberta, Trafina continues to pursue both oil and gas in the high-impact Cardium formation. In the second half of 2010, the Company and its partners expect to drill four (one net) Cardium oil wells. If the wells are successful, and the Cardium zone is present, it is expected that multi-stage fractures could lead to substantial initial rates. Each well also has the potential for gas production from the Rock Creek, Notikewin and Viking formations.

Trafina believes its solid production base and financial position put the Company in a strong position to continue to grow by acquiring and optimizing undervalued assets.

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 and Ronalane in Alberta. Trafina also has non-operated production in Viking/Kinsella, Alberta and minor interests in Carson Creek/Judy Creek, 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 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.

Non-GAAP Measures: This news release 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. See Trafina's MD&A for a reconciliation of cash flow from (used in) operating activities to funds flow from (used in) operations.

Forward Looking Statements: This news release contains forward looking statements and forward looking information regarding, among other things, expected growth of the Company through exploitation of newly acquired assets and Pembina Cardium oil potential and other growth potential for the Company's southwest Saskatchewan assets, plans for horizontal drilling in southwest Saskatchewan and plans to drill up to four Cardium horizontal wells in 2010, closing of the sale of the Company's remaining non-core working interest in Jenner and management's approach to operations for 2010 including, without limitation, with respect to its newly acquired assets, farm-in opportunities, horizontal drilling, infrastructure and modification of existing facilities and other operational matters and capital expenditures discussed here (including under "Outlook"). 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, environmental matters, business prospects and opportunities and future economic conditions. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Forward looking statements involves significant known and unknown risks and uncertainties. Reference is made to Trafina's annual information form for the year ended December 31, 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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