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*TSX Venture Exchange - TFA.A*

**NEWS RELEASE**

**TRAFINA REPORTS ENCOURAGING RESULTS AT MCMULLEN  
AND PREPARES FOR SLANT WELL DRILLING PROGRAM**

Calgary, Alberta – January 20, 2012 - Trafina Energy Ltd. ("Trafina" or the "Company") is pleased to provide an update on activity at its operations at McMullen, Alberta. The Company's current production from the area is approximately 85 barrels of oil per day. More importantly, Trafina's fourth vertical test well drilled at 08-28-077-25 W4M continues to show strong results. The 08-28 well has been on production for approximately 50 days and is currently producing at a rate of approximately 45 barrels of oil per day, with low levels of associated water and sand production.

The positive results from the 08-28 well coupled with additional geological analysis set up a slant well drilling program on the 08-28-077-25 W4M well-site. As part of its 2012 planning, and due to financial constraints as a result of continuing depressed natural gas prices, the Company has taken steps to reduce its overhead costs for 2012. Additionally the Company plans to raise capital to fund the drilling of up to three slant wells this winter drilling season, subject to rig availability. In addition to improving operating income and cash flow, three successful slant wells are expected to further substantiate the previously disclosed resource development potential of the McMullen area. As part of its longer term planning to fully develop the area, the Company is currently evaluating the merits of third party financing alternatives such as farm-outs, joint ventures and/or a partial sell down of the McMullen asset base.

**About Trafina**

Trafina is a junior oil and gas company based in Calgary, Alberta. The Company's main areas of interest are in the McMullen area of Alberta with other operated and non-operated production in Wetaskiwin. Trafina's shares trade on the TSX Venture Exchange under the stock symbol TFA.A and warrants trade under the stock symbol TFA.WT.A.

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**Forward Looking Statements:** *This news release contains forward looking statements and forward looking information based on management's current expectations regarding future production rates from the McMullen wells, the number of future slant wells that may be drilled at the 08-28 well site, timing of the anticipated financing thereof, the benefits of the success of the three slant wells and potential sources of third party financing for the future development of the McMullen area. There can be no assurance that the McMullen area will be further developed as proposed or at all. The Company's operations, including future development of its McMullen area, is based on management's expectations regarding actual production rates from the McMullen wells, future growth in reserves and cash flow, results of operations, 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 involves significant known and unknown risks and uncertainties. Reference is made to Trafina's revised annual information form for the year ended December 31, 2010 dated April 8, 2011 and management's discussion and analysis for the nine months ended September 30, 2011 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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