



Trafalgar Energy Ltd.

TRAFALGAR ENERGY LTD. RELEASES SECOND QUARTER 2009 RESULTS

CALGARY, July 29, 2009 - Trafalgar Energy Ltd. (TSX:TFL) ("Trafalgar" or the "Company") is pleased to announce the unaudited financial results for the quarter ended June 30, 2009.

CORPORATE HIGHLIGHTS

(000's, except for per share and production data)	Q2 2009	Q1 2009	Q2 2008	YTD 2009	YTD 2008
Petroleum and natural gas revenues (\$)	2,369	2,882	6,521	5,251	10,193
Funds from operations (\$)	274	590	4,200	864	5,907
Basic and diluted per share (\$)	0.02	0.04	0.33	0.06	0.48
Net earnings (loss) (\$)	(1,432)	137	1,497	(1,295)	1,265
Basic and diluted per share (\$)	(0.11)	0.01	0.12	(0.10)	0.10
Working capital (deficit) (\$) ⁽¹⁾	827	356	1,294	827	1,294
Bank debt (\$)	13,156	13,024	6,612	13,156	6,612
Net debt (\$) ⁽¹⁾	12,329	12,668	5,318	12,329	5,318
Capital expenditures (\$) ⁽³⁾	(65)	488	5,937	423	17,376
Weighted average number of shares outstanding					
Basic and diluted	13,405	13,405	12,629	13,405	12,232
Shares outstanding					
Basic	13,405	13,405	13,405	13,405	13,405
Diluted	14,675	14,675	14,675	14,675	14,675
Average Production					
Light Oil (bbls/d)	110	147	38	128	39
Heavy Oil (bbls/d)	38	42	57	41	54
Total Oil (bbls/d)	149	189	95	169	93
Natural Gas (mcf/d)	4,988	5,076	6,034	5,032	5,453
BOE (boe/d)	980	1,035	1,100	1,008	1,002
Average Realized Prices ⁽²⁾					
Light Oil (\$/bbl)	64.51	49.70	139.43	56.14	110.59
Heavy Oil (\$/bbl)	48.69	35.56	78.89	41.90	72.34
Natural Gas (\$/mcf)	3.83	4.79	10.76	4.31	9.21
\$/boe (6:1)	28.67	31.98	67.89	30.36	58.33
Netback (\$/boe)					
Petroleum and natural gas revenue	28.67	31.98	67.89	30.36	58.33
Royalties	1.49	5.62	7.44	3.60	8.15
Operating expenses	9.34	12.22	9.85	10.81	9.66
Transportation expenses	2.12	1.04	2.77	1.57	2.42
Operating netback	15.72	13.10	47.83	14.38	38.10

(1) Excludes the fair value of financial instruments and current portion of bank debt.

(2) Average realized prices are before transportation expenses.

(3) Net of acquisitions and dispositions.

LETTER TO SHAREHOLDERS

On June 4, 2009, Trafalgar announced that it had entered into an arrangement agreement with a private oil and gas company which provides for:

- a recapitalization of Trafalgar with an initial net cash infusion of approximately \$6.3 million at \$0.70 per share;
- the appointment of a new management team;
- a reconstituted board of directors;
- the opportunity for Trafalgar shareholders to participate in the recapitalization with an optional incremental cash infusion of up to \$3.2 million at \$0.70 per share.

The transaction will be conducted by way of plan of arrangement (the “Arrangement”) and is subject to Trafalgar shareholder approval at a meeting scheduled for July 30, 2009. It is expected that the transaction will close on July 31, 2009 or in any case on or before August 31, 2009. At closing, Trafalgar will be renamed Midway Energy Ltd.

The proposed new management team has had past success in acquiring, developing and successfully exploiting oil and natural gas assets. The immediate goal for the new management team will be to increase the crude oil weighting of the Company’s production and reserves by acquiring oil properties with development drilling potential in combination with the potential development of Trafalgar’s existing House Mountain property. The Company's current production, combined with its significant tax pools, provides a good base for future growth. With the injection of additional working capital pursuant to the proposed transaction, the Company is expected to have a strong balance sheet to implement its acquisition and development strategy.

Over the past year, the management, directors and staff of Trafalgar has worked tirelessly to maximize shareholder value in a very difficult economic and regulatory environment. In our view, the proposed transaction represents the best option to increase financial flexibility and expose existing and new Trafalgar shareholders to future growth opportunities.

On behalf of the Management, Staff and Board of Directors,



July 27, 2009

Rob Wollmann
President and CEO

FILINGS

Trafalgar has filed with Canadian securities regulatory authorities its unaudited financial statements for the quarter ended June 30, 2009 and the accompanying Managements’ Discussion and Analysis. These filings are available under Trafalgar’s SEDAR profile at www.sedar.com. Full pdf versions of our second quarter 2009 unaudited financial statements and the accompanying Managements’ Discussion and Analysis are available on our website at www.trafalgarenergy.ca.

DESCRIPTION OF COMPANY

Trafalgar is a Calgary, Alberta based oil and natural gas exploration, production and development company, with operations in the Canadian provinces of Alberta and British Columbia. Trafalgar trades on the Toronto Stock Exchange (“TSX”) under the symbol TFL.

BOE PRESENTATION AND OTHER NI 51-101 INFORMATION

In conformity with National Instrument 51-101, Standards for Disclosure of Oil and Gas Activities (“NI 51-101”), natural gas volumes have been converted to barrels of oil equivalent (“boe”) using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. This ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers are cautioned that the term “boe” may be misleading, particularly if used in isolation. Full NI 51-101 disclosures respecting net asset value and finding and development costs are contained in the Management’s Discussion and Analysis filed on SEDAR.

FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes. In particular, this press release contains forward-looking statements relating to:

- Trafalgar's business strategy;
- Production potential;
- Future development and growth opportunities;
- Credit availability;
- Trafalgar's asset base and future prospects;
- Exploration, drilling and development prospects;
- Plans to increase the oil weighting of Trafalgar’s assets and to acquire oil properties;
- The completion of the Arrangement and the expected benefits to be derived therefrom.

Forward-looking statements regarding Trafalgar are based on certain key expectations and assumptions of Trafalgar Concerning satisfaction of closing conditions and receipt of all necessary approvals required to complete the Arrangement, anticipated financial performance, business prospects, strategies, regulatory developments, current and anticipated commodity prices and exchange rates, applicable royalty rates, tax laws, future well production rates and reserve volumes, future operating costs, the performance of existing wells, the success of Trafalgar’s exploration and development activities, the sufficiency and timing of budgeted capital expenditures in carrying out planned activities, the availability and cost of labor and services, the impact of increasing competition, conditions in general economic and financial markets, availability of drilling and related equipment, effects of regulation by governmental agencies, the ability to obtain financing on acceptable terms, which are subject to change based on commodity prices, market conditions, drilling success and potential timing delays.

These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond Trafalgar's control, including the failure to obtain the necessary approvals for the Arrangement on the expected timelines or at all; the impact of general economic conditions; volatility in market prices for crude oil and natural gas; industry conditions; currency fluctuation; imprecision of reserve estimates; liabilities inherent in crude oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition from other producers; the lack of availability of qualified personnel or management; changes in income tax laws or changes in royalty rates and incentive programs relating to the oil and gas industry; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in

substantial damage to wells, production facilities, other property and the environment or in personal injury; stock market volatility; and ability to access sufficient capital from internal and external sources. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide readers with a more complete perspective on Trafalgar's future operations and such information may not be appropriate for other purposes. Trafalgar's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Trafalgar will derive there from. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this press release and Trafalgar disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws. However, in the event that subsequent events are reasonably likely to cause actual results to differ materially from material forward-looking information previously disclosed by Trafalgar for a period that is not yet complete, Trafalgar will provide disclosure on such events and the anticipated impact of such events.

Additional information regarding Trafalgar including its annual information form is available under the Company's profile at www.sedar.com or the Company's web site at www.trafalgarenergy.ca.

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