



Epsilon Energy provides Republic of Yemen Operations Update

Concord, Ontario - January 9, 2009 – Epsilon Energy (“Epsilon” or “the Company”) (TSX: EPS) is pleased to provide the following operations update on Block 41 in the Republic of Yemen:

West Mahrawa #2 – Drilling logs and subsequent initial testing have indicated the presence of hydrocarbons in the well. Initial test results yielded heavy oil with an API gravity of 4.62. Oil samples have been sent for analysis to assist in further evaluation of this well. Testing operations are expected to continue once the evaluation is completed and additional testing equipment is obtained.

Kaninah #1 – This well will be plugged and abandoned after testing operations failed to yield commercial results. The complex geology that was encountered while drilling caused difficulty during both the completion and testing phases of this well. Although drilling logs showed zones with an extensive presence of hydrocarbons, actual testing results failed to confirm commercial flows. Despite these inconclusive results, potential still exists for future exploration on this prospect. Epsilon, along with its partners, will use the data collected to formulate future exploration plans for the Kaninah prospect.

Mukalla #1 – Drilling operations are expected to commence within the next three to five weeks utilizing the rig that just completed the Kaninah well. That rig is currently in the process of being moved to the Mukalla #1. The Mukalla prospect is approximately 15 kilometers east of the Al Waya discovery. The Mukalla #1 represents the Company’s final well under its approved 2008 Exploration Program and will be drilled to a planned vertical depth of 2,100 meters.

About Epsilon Energy

Epsilon Energy is engaged in the exploration of oil and natural gas reserves in North America, the Middle East, and Africa. Epsilon Energy’s strategy involves developing a well-balanced inventory of oil and natural gas projects, including high potential oil & gas properties in the Middle East and Africa coupled with lower risk oil and natural gas properties within Canada and the United States.

For further information please contact:

Epsilon Energy Ltd.

Dennis Tatum

Chief Financial Officer

(231) 922-0467 ext: #101

Email: dennis.tatum@epsilonenergyltd.com

Website: www.epsilonenergyltd.com

Forward-Looking Statements

Certain statements contained in this news release constitute forward looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements are based on reasonable assumption but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this news release should not be unduly relied upon.

Special note for news distribution in the United States

The securities described in the news release have not been registered under the United States Securities Act of 1933, as amended, (the "1933 Act") or state securities laws. Any holder of these securities, by purchasing such securities, agrees for the benefit of Epsilon Energy Ltd. (the "Corporation") that such securities may not be offered, sold, or otherwise transferred only (A) to the Corporation or its affiliates; (B) outside the United States in accordance with applicable state laws and either (1) Rule 144(as) under the 1933 Act or (2) Rule 144 under the 1933 Act, if applicable.