



Epsilon Energy Ltd. provides operations update for Ethiopia

Concord, Ontario - January 21, 2009 – Epsilon Energy Ltd. (“Epsilon” or “the Company”) (TSX: EPS) is pleased to provide the following operations update on its exploration activities covering its Northwest Area Study Agreement in the Federal Democratic Republic of Ethiopia (“Ethiopia”):

After completing an analysis utilizing existing Landsat imagery, digital elevation mapping, hydrology and old gravity readings, Epsilon identified a prospective area of approximately 27,500 square kilometers (6,795,397 acres) within the boundaries of the Northwest Area Study Agreement that warranted conducting a high resolution airborne gravity and magnetics survey. The Company contracted with New Resolution Geophysics out of South Africa to conduct the survey, which is now complete. The survey identified numerous structural prospects of varying sizes; some of which are very large. Further advanced data processing and analysis of those identified structural prospects is now underway.

Upon completion of the Northwest Area Study Agreement, Epsilon has an exclusive right to negotiate and obtain an oil and gas concession(s) covering any or all of the land covered by the Northwest Area Study Agreement, which covers an area of 154,871.53 square kilometers (38,269,704 acres) where virtually no prior oil & gas exploration activities have been conducted to date.

Fred Zaziski, Epsilon’s President and CEO stated “We are very encouraged by the results of our initial exploration efforts in Ethiopia and expect that further analysis of the data collected to date will warrant obtaining oil & gas concessions to further our exploration program in Ethiopia”.

Additional information about Epsilon’s oil and gas projects, including the Northwest Study Agreement in Ethiopia, is available on its website at www.epsilonenergyltd.com.

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.

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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

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