



Epsilon Energy Ltd. Update – Appointment of President and CEO and Sale of Epsilon Energy Yemen Ltd.

Concord, Ontario – February 5, 2010 – Epsilon Energy Ltd. (“Epsilon”) (TSX: EPS) today made the following announcements:

The Board of Directors of Epsilon has announced that it has approved a new employment agreement with Mr. Zoran Arandjelovic, Executive Chairman of Epsilon. Effective immediately, Mr. Arandjelovic will fill the position of President and Chief Executive Officer on a full time basis.

Also, Epsilon today announced the sale of Epsilon Energy Yemen Ltd. (“Epsilon Yemen” or the “Company”) to an unrelated third party purchaser for US\$100,000, pending government of Yemen approval. The agreement calls for Epsilon Energy International Ltd., the sole shareholder of Epsilon Yemen and a wholly-owned subsidiary of Epsilon, to receive 20% of proceeds from any subsequent sale of all or any part of the included 57.14% working interest in Block 41 or, in the event that commerciality is declared, 25% of the cost recovery pool monies received from the government of Yemen, in either case, the total amount not to exceed US\$5,000,000.

Mr. Arandjelovic stated, “This transaction will enable us to transfer the operation of Epsilon Yemen to a trusted partner, while retaining an interest in the Company. This is a major step in executing our strategic plan. We have been working on strengthening our position in North America where we have our core assets. Now we will allocate our resources to where we can achieve the best returns for our shareholders.”

Epsilon Energy Ltd. is engaged in the exploration and production of natural gas reserves targeting the Marcellus Shale. The company also has participating interests and production sharing agreements in other natural gas and oil plays within North America, the Middle East, and Africa. Established in 2005, the Corporation has been a producer of natural gas and oil since 2006. Epsilon’s ongoing business strategy involves focused targeting of lower risk natural gas properties within the Marcellus Shale and other parts of Canada and the United States, as well as the high potential oil & gas properties in the Middle East and Africa. The common shares of Epsilon trade on The Toronto Stock Exchange under the symbol “EPS”. Further information is available at www.epsilonenergyLtd.com.

For further information please contact:

Zoran Arandjelovic
Executive Chairman
(905) 738-7877
Email: zoran@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.