



Epsilon Energy Ltd. Releases 2009 Results

Concord, Ontario – March 29, 2010 – Epsilon Energy Ltd. (“Epsilon”) (TSX: EPS) is pleased to announce today its 2009 year-end results. Epsilon has filed its annual audited consolidated financial statements and Management’s Discussion and Analysis (“MD&A”) for the years ended December 31, 2009 and 2008, and its Annual Information Form, which includes disclosures and reports relating to reserves data and other oil and gas information pursuant to National Instrument 51-101 “Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators”. Copies of these documents may be obtained on www.sedar.com or on Epsilon’s website at www.epsilonenergyltd.com.

Zoran Arandjelovic, Epsilon’s Executive Chairman, President and CEO, stated, “Epsilon’s recently released reserve report, as prepared by independent petroleum consultants, Miller and Lents, Ltd., places Epsilon’s proved and probable reserves at approximately 104 BCF (total Proved 73 BCF and Probable 31 BCF) , a significant increase over last year’s total of 30 BCF (total Proved 16 BCF and Probable 14 BCF). We expect these numbers to grow substantially in the future years and these reserves will be the foundation for Epsilon’s growth and profitability in the years to come. Epsilon is now cash flow positive on a monthly basis and with an aggressive drilling program in 2010; we expect our cash flow to grow substantially. With the Chesapeake partnership, Epsilon’s revenue will grow without any significant capital investments on our part.

Even with depressed natural gas prices, Marcellus shale, where Epsilon’s majority of reserves exist, continues to present superior economics to almost every other major resource play on the continent. We expect Epsilon to be profitable in 2010. Epsilon’s financial performance continues to improve. Excluding unusual items such as impairment of unproved properties and gain on sale of assets, during the fourth quarter of 2009 Epsilon would have booked a profit of approximately \$0.4 million (\$0.01/share), versus approximately a \$3.2 million (\$0.06/share) loss for the fourth quarter of 2008.”

Mr. Arandjelovic further added, “Epsilon’s growth will be built on proven reserves, a consistent revenue stream, the key partnerships in Marcellus, Utica and Bakken plays and a strong balance sheet. Epsilon is very well positioned for growth with its current make-up. Epsilon is streamlining its organization and concentrating efforts on core assets in North America. The Michigan office has been closed and the new office in Pennsylvania, is closer to our operations. Epsilon recruited three senior managers with over 82 years of combined

experience and strengthened the administrative function with the addition of three accounting professionals. We have withdrawn from Oman and sold Epsilon Yemen. We have continued to be vigilant in our cost containment. The overhead costs remain below 2008 levels. Epsilon continues to be debt free with approximately \$20 million cash on hand as of today. Now more than ever, Epsilon is prepared to move forward in its development.”

EPSILON ENERGY LTD. HIGHLIGHTS
(in 000's of U.S. dollars, except per unit amounts)

	2009	2008
Revenues	\$ 5,439	\$ 8,300
Cost of operations	28,194	45,482
Operating loss	(22,755)	(37,182)
Other income (expense).....	(2,526)	6,094
Net loss before income taxes	(20,229)	(31,088)
Future income tax expense	-	2,600
Net loss	\$ (20,229)	\$ (33,688)
Weighted average number of shares outstanding.....	50,326,000	47,504,000
Basic and diluted net loss per share.....	\$ (0.40)	\$ (0.71)

During 2009, Epsilon continued to explore, develop and expand its natural gas and oil interests and generated a net loss of \$20.2 million as compared to a \$33.7 million net loss for 2008. The variance was primarily due to the following factors, which are further explained in the MD&A:

- \$2.9 million attributable to lower revenue
- \$2.9 million lower G&A costs and \$0.5 million lower project operating costs during 2009 compared to 2008
- \$17.9 million impairment pertaining to Block 41 in Yemen and \$0.9 million impairment pertaining to Oman in 2009 versus \$34.1 million total impairment in 2008
- A recorded loss of \$7.1 million (net of tax) on the sale of West Virginia properties in June 2009 partially offset by a gain of \$9.9 million on the sale of the oil & gas property interests in Pennsylvania in October 2009
- \$5.0 million gain booked on the sale of non-core unproved leasehold interests in Ohio in 2008
- \$0.2 million interest expense booked in 2009 versus \$1.1 million interest revenue in 2008
- \$2.6 million income tax expense recorded in 2008.

About Epsilon:

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.epsilonenergy ltd.com.

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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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