



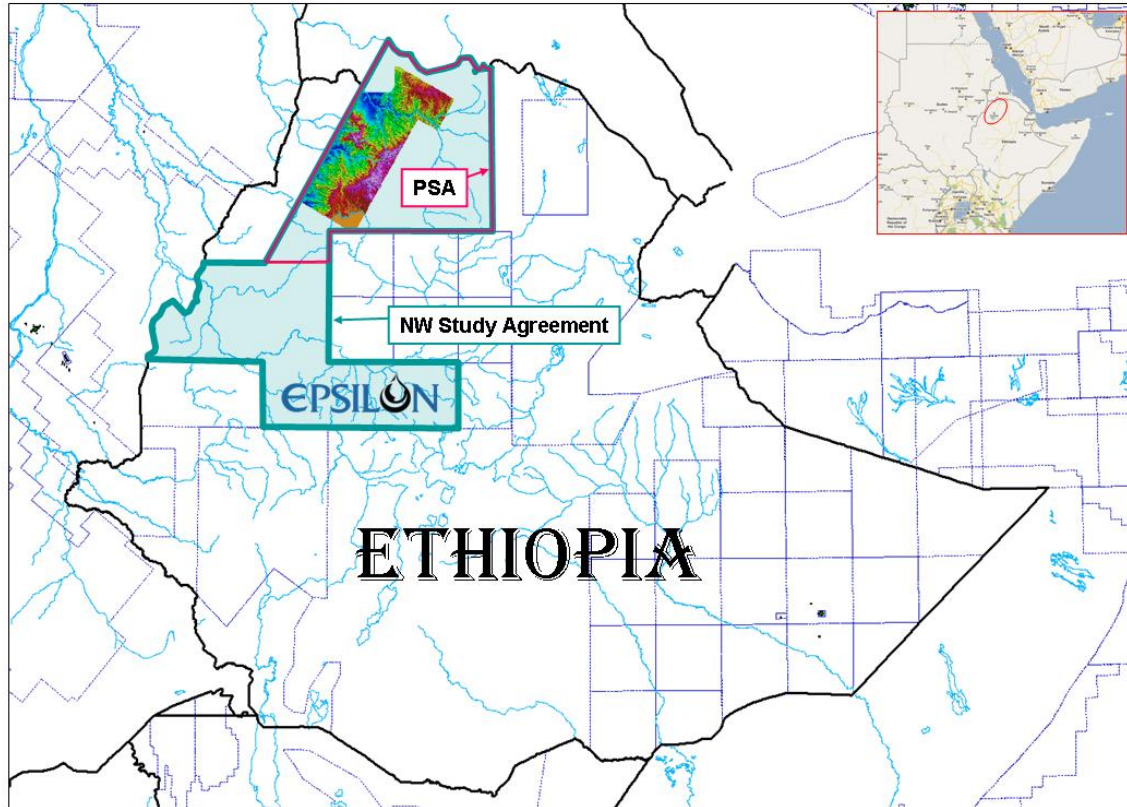
Epsilon Energy Signs Production Sharing Agreement in Ethiopia

Concord, Ontario – May 14, 2009 – Epsilon Energy Ethiopia Ltd., a subsidiary of Epsilon Energy Ltd. (“Epsilon” or “the Company”) (TSX: EPS) is pleased to announce that it has signed a Production Sharing Agreement (“PSA”) with the Ministry of Mines and Energy (the “Ministry”) in Democratic Republic of Ethiopia. The PSA covers an area of 79,345 square kilometers in northwest Ethiopia (see map). Terms of the PSA include an initial three-year exploration period that includes a commitment to drill one exploratory well and to acquire a minimum of 200 kilometers of 2D seismic. In the event the Company makes a commercial discovery, the initial percentage split of profit oil and/or gas will be 80% for Epsilon and 20% for the Ministry.

There have been virtually no prior oil and gas exploration activities within the boundaries of the PSA prior to the Northwest Area Study Agreement that Epsilon entered into with the Ministry in June 2008. Under the terms of the Northwest Area Study Agreement, Epsilon identified the acreage included within the PSA as prospective for oil and gas exploration by using a combination of satellite remote sensing, hydrology, gravity and magnetic technologies.

Fred Zaziski, Epsilon’s President and CEO stated “Our airborne gravity and magnetic study revealed a 20,000 meter deep basin that was previously unknown and is, on our opinion, prospective for oil and gas exploration. In places, the volcanic cover is thin and large structures have been delineated. To date, there has been no exploratory drilling or seismic surveys conducted over this acreage. As such, we consider this area to be frontier exploration and are very excited about the potential upside this could bring to Epsilon. However, in order to limit our risk and financial exposure the Company expects to bring in a partner to jointly explore this area”.

The Hosan Field, located approximately 300 kilometers west in Sudan, is the nearest commercial oil and gas field, which reportedly has estimated recoverable gas reserves of approximately 350 BCFE. Other nearby Sudanese oil and gas fields have estimated recoverable oil reserve sizes ranging from 100 to 600 MMBO. The Company’s Ethiopian acreage has technical similarities to the Sudan oil and gas fields. As compared to Sudan, the political risk in Ethiopia is drastically different, as the Ethiopian government appears to be much more stable, easy to work with and is encouraging foreign investment.



About Epsilon Energy

Epsilon Energy is engaged in the exploration and production of oil and natural gas reserves in North America, the Middle East, and Africa. Established in 2005, the Company has been a producer of oil and natural gas since 2006. Epsilon's ongoing business 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

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.