



Epsilon Energy Ltd. divests itself of non-core and unproved Ohio leasehold

CONCORD, Ontario – May 20, 2008 – Epsilon Energy Ltd. (“Epsilon” or the “Company”) (TSX: EPS) is pleased to announce that it has received approximately \$6.26 million dollars from the sale of non-core and unproved leasehold covering its Swan Creek and Bootleg projects in Ohio. An additional amount of up to approximately \$450,000 may be realized if certain title issues are cleared within the next 120 days.

Within the Swan Creek and Bootleg projects, the Company had a 100% working interest in approximately 37,000 acres targeting the Lower Huron and Rhinestreet shale gas formations. Mr. Fred Zaziski, Epsilon’s President and CEO stated “We have been afforded the opportunity to cash-out some of our non-core and unproved acreage at a substantial profit. We will now be able to re-deploy the proceeds of this transaction into our horizontal drilling program in Pennsylvania which is focused on the Marcellus shale, where we believe we will achieve a substantially higher internal rate of return, as compared to the Lower Huron and Rhinestreet shale gas formations”.

About Epsilon Energy Ltd.

Epsilon is engaged in the acquisition, exploration, development and production of oil and natural gas reserves in the Middle East and North America.

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Forward-Looking Statements

Certain statements contained in this new 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 assumptions 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 this 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.