



## **Epsilon Energy Announces the Sale of Legacy Assets in West Virginia**

**Concord, Ontario – June 5, 2009** – Epsilon Energy Ltd. (“Epsilon” or “the Company”) (TSX: EPS) announced today that the Company has signed a Binding Letter of Intent to sell its Amber Bank and Blue Jacket properties (collectively referred to as the “Legacy Assets”) in West Virginia to an unrelated third party purchaser for a gross amount of USD\$14.0 million (USD\$13.0 million net). Under terms of the Binding Letter of Intent, closing of the transaction is subject to buyer due diligence and is expected to close on or before June 15, 2009.

The Company initially acquired a non-operating interest in the Legacy Assets during 2006, which was prior to its Initial Public Offering in 2007. Epsilon intends to re-deploy the net proceeds from this transaction into its Marcellus shale projects in Pennsylvania and New York, where it is the operator and expects to achieve greater internal rates of return on deployed capital.

Zoran Arandjelovic, Epsilon’s Chairman and Interim President/CEO stated “this transaction enables us to aggressively continue our Marcellus shale development program, where we recently initiated natural gas production from one horizontal well, have 8.5 Mmcf/d of natural gas production from three wells ready to come on line in the next 30 – 60 days, and four additional wells scheduled to be fraced. We now expect to significantly increase our daily natural gas production by having all of the eight wells drilled to date on our Highway 706 Marcellus shale project online during the third quarter of this year from existing capital resources without incurring any long-term debt”.

### **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.