



Epsilon Energy Ltd. – Marcellus Shale Production Increases

Concord, Ontario – September 1, 2009 – Epsilon Energy Ltd. (“Epsilon” or the “Corporation”) (TSX: EPS) announced today that as of September 1, 2009, it has initiated natural gas production from its Poulsen #2H well in its Highway 706 project targeting the Marcellus Shale, with a production rate of 1.5 Mmcf per day.

The addition of natural gas production from Poulsen #2H to the already producing Poulsen #1H increases total daily production rate to 3.8 Mmcf per day, an all time high for Epsilon.

Epsilon has extended its gathering system to the north of the compressor site in order to bring on three wells that have previously yielded a combined natural gas production rate of 8.5 Mmcf per day. The Corporation currently has compression facilities on location and is working on doubling its compression capacity to 12 Mmcf per day to handle increased production as more wells come online.

Zoran Arandjelovic, Epsilon’s Executive Chairman, President and CEO, stated “We are very pleased with the progress of our operations. We are now in a position where we can rapidly increase our daily natural gas production rate and make substantial additions to our reserve base in the Marcellus shale.”

Epsilon Energy Ltd. 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 Corporation 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. The common shares of Epsilon trade on The Toronto Stock Exchange under the symbol “EPS”.

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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.