



Epsilon Energy Ltd. acquires large Marcellus shale acreage block in New York

CONCORD, Ontario – September 10, 2008 – Epsilon Energy Ltd (TSX: EPS) (“Epsilon” or the “Company”) is pleased to announced it has entered into an agreement to acquire 10,200 gross (5,100 net to Epsilon) prospective Marcellus shale leasehold acres in Chemung and Tioga counties in New York from a privately held company for approximately \$5.1 million in cash. The Company now holds approximately 87,200 gross (42,600 net) prospective Marcellus shale leasehold acres in New York and Pennsylvania.

The acquired acreage is included within an existing joint venture and Area of Mutual Interest (“AMI”) for which the Company is the operator and holds a 50% working interest. Two other privately held companies each hold a 25% working interest in the joint venture and AMI.

Fred Zaziski, Epsilon’s President, stated “This leasehold acreage further consolidates our Marcellus leasehold and bring us additional operational synergies in New York, as it is located between our Park Place and Evans Hill projects. We are looking forward to leveraging our leasehold position to exploit potential Marcellus shale natural gas reserves in this area.”

About Epsilon Energy Ltd.

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

- Republic of Yemen: Epsilon has a 57.14% paying interest and a 50% undivided interest in the Block 41 Production Sharing Agreement, which covers approximately 5,600 sq. km onshore.
- Democratic Federal Republic of Ethiopia: Epsilon has signed a study agreement covering 154,871.53 sq. km with the option to acquire oil & gas concessions for the entire area or portions thereof.
- North America: Epsilon has producing properties in West Virginia, New York and Ohio and is focused on additional exploration and development projects targeting the Marcellus Shale in the Appalachian Basin the United States, Bakken Oil Shale in the Saskatchewan province of Canada and the Utica Shale in the Quebec province of Canada.

FOR FURTHER INFORMATION PLEASE CONTACT:

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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.