



Epsilon Energy Ltd. Shareholders Rights Plan is approved at shareholders meeting.

CONCORD, Ontario – September 8, 2008 – Epsilon Energy Ltd (TSX: EPS) (“Epsilon” or the “Company”) is pleased to announce that its Shareholders Rights Plan (the “Rights Plan”) was approved at a shareholders meeting held today. Prior to the shareholders meeting, the Rights Plan was conditionally approved by the Toronto Stock Exchange and approved and adopted by the Board of Directors. A summary of the Rights Plan follows:

The purpose of the Rights Plan is to give adequate time for the shareholders of the Company to properly assess the merits of a bid without undue pressure and to allow competing bids to emerge. The Rights Plan is further designed to give the Board of Directors time to consider alternatives thereby allowing shareholders to receive full and fair value for their Common Shares. The Rights Plan is not recommended in response to the anticipation of any acquisition of the Company, nor is it intended to prevent a takeover of the Company or to secure continuance in office of management or the directors. The Rights Plan may increase the price to be paid by a potential offeror to obtain control of the Company and may discourage certain transactions. The adoption of the Rights Plan does not detract in any way from or lessen the duties of the board of directors to act honestly and in good faith with a view to the best interest of the Company and its shareholders and to act in accordance with such standards when considering a bid made for the Common Shares of the Company.

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 and the Utica Shale in Quebec, 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.