



Epsilon Energy Ltd. Completes the Sale of Non-Core Leases in Pennsylvania

Concord, Ontario – October 16, 2009 – Epsilon Energy Ltd. (“Epsilon” or the “Corporation”) (TSX: EPS) is pleased to announce that today the Corporation has finalized the sale of its non-core acreage located within Lycoming, Sullivan and Columbia counties in eastern Pennsylvania to an unrelated third party purchaser, as previously announced on September 18, 2009. On closing, the corporation received approximately USD\$10.7 million. The balance of closing proceeds will be paid no later than 30 days from today’s date.

Zoran Arandjelovic, Epsilon’s Executive Chairman, President and CEO, stated “We will use part of the proceeds from this sale to pay-off our credit facilities. With no debt and positive cash flow from operations, Epsilon is now very well positioned to start its new drilling program.”

Epsilon Energy Ltd. is engaged in the exploration and production of natural gas reserves targeting the Marcellus Shale. The company also has participating interests and production sharing agreements in other natural gas and oil plays within North America, the Middle East, and Africa. Established in 2005, the Corporation has been a producer of natural gas and oil since 2006. Epsilon’s ongoing business strategy involves focused targeting of lower risk natural gas properties within the Marcellus Shale and other parts of Canada and the United States, as well as the high potential oil & gas properties in the Middle East and Africa. 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.