



Epsilon Energy Ltd. – Natural Gas Production Milestone

Concord, Ontario – October 28, 2009 – Epsilon Energy Ltd. (“Epsilon” or the “Corporation”) is pleased to announce a natural gas production milestone on its Highway 706 project targeting the Marcellus Shale in Pennsylvania, where it holds a 100% working interest.

The Corporation is also pleased to announce that its first compressor is now operational and has reached its capacity of just over 6 Mmcf per day. The capacity of the first compressor has been achieved from the gas flow of four wells consisting of one short stage horizontal well, a one stage horizontal where the corporation is planning for additional frac stages, and two vertical wells. The Marcellus Shale wells in Pennsylvania are proving to be world class gas wells. At current prevailing natural gas prices of approximately \$4.75 per Mcf, the compressor will generate revenues of approximately \$10 million per year.

The Corporation is also pleased to announce that it has completed a two stage frac on the last of its drilled eight wells (LaRue 1B). Natural gas production from this last well should be comparable to the performance from its previous vertical wells (LaRue 1A) of approximately 1 Mmcf per day.

The Corporation currently has 4 wells that are shut in due to a shortage of compressor capacity. The remaining wells have an initial production capacity of 10 Mmcf/d which is well in excess of the second gas compressor capacity of approximately 6.8 Mmcf per day. The Corporation will put second compressor into operation by November 30th. This will double natural gas revenues to \$20 million on an annual basis beginning December 1, 2009 at the current prevailing natural gas price of \$4.75 per Mcf.

The Corporation is now planning for the installation of a third compressor to handle the remaining 4 Mmcf/d from the 4 shut in natural gas wells and the natural gas production from the Corporation’s new drilling program for 5 new vertical wells and 4 horizontal in 2010.

The Corporation is in a strong financial position. On October 16, 2009 the Corporation received approximately \$10.8 million on the sale of leasehold non-core acres in Pennsylvania. The funds received were used to pay down its line of credit and the Corporation is currently debt free.

Zoran Arandjelovic, Epsilon’s Executive Chairman, President and CEO commented, “Epsilon has reached natural gas milestones that are impressive and are second to none in the Marcellus Shale zone in Pennsylvania. The Epsilon team is excited and ready to aggressively develop in excess of 100 wells in the existing land holdings in Pennsylvania and New York State. This bodes well for future revenue and earnings per share.”

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

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