



Epsilon Energy Ltd. Releases Third Quarter 2009 Results

Concord, Ontario – November 6, 2009 – Today Epsilon Energy Ltd. (“Epsilon” or the “Corporation”) (TSX: EPS) announced its 2009 third quarter results.

EPSILON ENERGY LTD. HIGHLIGHTS

(in 000's of U.S. dollars, except per unit amounts)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenues	\$ 607	\$ 2,476	\$ 3,046	\$ 6,387
Project Operating Costs	188	671	1,040	1,339
Impairment of Unproved Property	581	-	2,753	-
Depletion, Depreciation & Accretion	1,212	737	2,521	1,745
General and Administrative	1,369	1,523	3,841	5,699
Gain (loss) on sale of assets	(14)	-	(9,743)	5,085
Income tax recovery	-	-	2,600	-
Net income (loss)	(2,812)	(148)	(14,492)	3,727
Net income (loss) per share				
Basic	\$ (0.06)	\$ (0.00)	\$ (0.29)	\$ 0.08
Diluted	\$ (0.06)	\$ (0.00)	\$ (0.29)	\$ 0.07

During the first nine months of 2009, the Corporation continued to explore, develop and expand its natural gas and oil interests and generated a net loss of \$14.5 million, as compared to a \$3.7 million net profit for the same period of 2008. The variance was primarily due to the following factors:

- A recorded loss of \$9.7 million on the sale of the Corporation's oil & gas property interests in West Virginia in June 2009;
- \$5.1 million gain booked on the sale of non-core unproved leasehold interests in Ohio in 2008;
- \$3.3 million attributable to lower revenue;
- \$2.8 million impairment pertaining to Block 41 in Yemen;
- \$0.2 million interest expense booked in the first nine months of 2009 versus \$1.0 million interest revenue in the first nine months of 2008;
- Partially offset by \$2.6 million income tax recovery recorded in 2009 pertaining to the sale of property interests in West Virginia and \$1.9 million lower G&A costs during the first nine months of 2009 compared to the first nine months of 2008.

Zoran Arandjelovic, Epsilon's Executive Chairman, President and CEO, stated: "Epsilon is rejuvenated with a new focus on our core assets and a dynamic approach to issues facing the Corporation:

- We are finally seeing the results of our focused efforts of cost containment with lower overhead costs.
- Our Highway 706 project targeting the Marcellus shale is progressing as planned with the second compressor now on-line with a substantial increase in the cash flow from the sale of natural gas.
- We settled our dispute with Pinpoint covering drilling services on the Highway 706 project for approximately \$1.1 million. Pinpoint was seeking recovery of approximately \$2.9 million.
- We have sold non-core leasehold properties located in eastern Pennsylvania to an unrelated third party for \$3,400 per net leasehold acre and received \$10.7 million for approximately 3,160 acres.
- We are now debt free after paying off on October 16, 2009, the outstanding balance of \$7.5 million line of credit at Northwestern Bank."

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.