



Epsilon Energy Ltd. Announces Repurchases of Its Common Stock

Concord, Ontario – January 11, 2011 – Epsilon Energy Ltd. (“Epsilon” or the “Company”) (TSX: EPS) announced today that the Company has been making repurchases of its own stock pursuant to an acceptance from the Toronto Stock Exchange (“TSX”) of the Notice of Intention to make a normal course issuer bid which was announced on October 27, 2010. The Company obtained an approval from the TSX to repurchase up to 2,000,000 of the issued and outstanding common shares.

To date the Company has repurchased 100,000 common shares in November 2010, at an average repurchase price of \$2.62, and 25,000 common shares in December 2010, at an average repurchase price of \$2.70. The Company might repurchase additional shares up to the amount approved by the TSX at the discretion of senior management. The repurchased shares will be cancelled.

About Epsilon Energy Ltd.

Epsilon Energy Ltd. is engaged in the exploration and production of natural gas reserves. The Corporation also has participating interests and production sharing agreements in other natural gas and oil plays within North America 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 Africa.

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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.