



Epsilon Energy Ltd. Releases 2010 Results

Concord, Ontario – March 28, 2011 – Epsilon Energy Ltd. (“Epsilon”) (TSX:EPS) is pleased to announce its 2010 year-end results. Epsilon will file its annual audited consolidated financial statements and Management’s Discussion and Analysis (“MD&A”) for the years ended December 31, 2010 and 2009 and its Annual Information Form, which includes disclosures and reports relating to reserves data and other oil and gas information pursuant to National Instrument 51-101 “Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators” by March 31st, 2011. Copies of these documents will be available on Sedar at www.sedar.com or on Epsilon’s website at www.epsilonenergy.com.

EPSILON ENERGY LTD. HIGHLIGHTS

	2010	2009
Revenues	\$14,753,440	\$5,438,851
Cost of operations	10,779,345	28,193,645
Gain (loss) on sale of assets	(34,513)	2,750,757
Other income (loss)	87,740	(224,582)
Income tax recovery	-	
	\$4,027,322	(\$20,228,619)
Net assets	\$ 63,308,624	\$ 66,691,074
Net income (loss) per share, basic	\$0.08	(0.40)
Net income (loss) per share, diluted	\$0.08	(0.40)

Epsilon had another strong year in 2010 largely due to the operational results associated with its Marcellus Shale assets in Pennsylvania. The company participated in the drilling of sixteen (16) gross additional wells in Pennsylvania, increasing its total well count in the project by year end to 25, an increase of 178% from year-end 2009. Two (2) of these new wells will go on-line in April 2011 while the balance are anticipated to commence production as soon as they and the related gathering facilities are completed. On a staged basis, Epsilon forecasts additional production to go on line commencing in June of 2011. This new production will supplement Epsilon’s 2011 current YTD average production rate of 8.2 Mmcf/day. Additional new drilling in the project is expected to continue at a pace in 2011 at least equal to that in 2010. The company is confident that year-end exit rates of production for 2011 will be multiples of year-end exit rates in 2010. The project operator, Chesapeake Energy Corporation (NYSE:CHK), continues to place great focus on this joint venture area. It is a known fact that 8 of the top 10 producing wells (by volume), completed in the Marcellus shale, are in Susquehanna County, with the other 2 being in adjacent Bradford County. Average per well ultimate reserve recoveries of the

wells, drilled in these two counties, have proved to be substantially greater than the average for the Marcellus Shale across the State of Pennsylvania.

Zoran Arandjelovic, Epsilon’s Executive Chairman, CEO and President stated: “Epsilon is very fortunate to have Chesapeake as its operating partner. The level of operational expertise and professionalism that Chesapeake exerts, every single day, in developing our project, is something that we at Epsilon greatly admire and strive to emulate in our own daily operations.”

Aubrey K. McClendon, Chesapeake’s Chief Executive Officer stated “We are very proud of our relationship with Epsilon and believe that Epsilon’s Marcellus leasehold is some of the very best in the play. Results to date have been hampered by the need to install midstream gathering assets, but our natural gas sale capacity should rapidly expand in the second half of 2011. We are looking forward to delivering terrific results from our Epsilon partnership leasehold for years to come.

In 2011, in addition to its continued natural gas drilling program in Pennsylvania, Epsilon will be pursuing several projects intended to expose the company’s portfolio mix to a higher oil component. The company will commence the initial well on its new oil resource play in Mississippi in April 2011. Multiple follow up wells in this project area have already been permitted and received regulatory approval in anticipation of an aggressive subsequent drilling program should initial drilling results prove encouraging. Epsilon will also participate in the drilling of as many as three (3) additional wells in its oil projects in SE Saskatchewan, Canada where previously drilled exploratory wells have justified a delineation program.

For the year ended December 31, 2010, Epsilon generated net income of \$4.0 million and EBITDA of \$8.9 million and increased its net production from 1.08 BCF in 2009 to 3.01 BCF in 2010, an increase of 178%.

With respect to reserves, a year over year comparison is as follows:

Epsilon’s Net Remaining Reserves as of December 31st

	2010	2009
Proved (BCF)	86.6	72.7
Probable (BCF)	14.1	31.3
Total Proved + Probable (BCF)	100.7	104.0

In both 2009 and 2010 more than 99% of total proved and probable reserves were attributable to Epsilon’s Marcellus Shale project in Susquehanna County. For reporting purposes, net reserves represented in the table above for 2010 reflect Chesapeake’s contractual right to earn 50% of Epsilon’s interest in the project area, despite the fact that such earning had not actually taken place by year end. It is important to note that, in this context, what might appear to be Epsilon’s relatively flat reserve growth for 2010 is actually a significant increase from previous year levels since Epsilon’s net working interest in the area is reflected as having decreased by 50% during this time.

Correction of previously published information regarding the Farm-out Agreement with Chesapeake Energy Corporation dated February 1, 2010

Epsilon would like to correct the Corporation's earlier information to shareholders, disseminated in investor presentation and analysts' coverages of the Corporation's stock, advising that eight (8) wells existed as of the date of the Farm-out Agreement. In fact, there were nine (9) wells existing as of the date of the Farm-out Agreement and the Agreement is being amended accordingly. This, ninth well, had the highest IP rate and highest total production and therefore is of significance to Epsilon in terms of production, cash flow and future reserves calculations.

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

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