



October 27, 2010

## **Epsilon Energy Ltd. Announces Normal Course Issuer Bid**

Concord, Ontario – Epsilon Energy Ltd. (“**Epsilon**” or the “**Corporation**”), today announced that it has received Toronto Stock Exchange (“**TSX**”) approval to a Notice of Intention to commence a normal course issuer bid through the facilities of the TSX, permitting the Corporation to repurchase, for cancellation, up to 2,000,000 of the 49,756,506 common shares that are currently issued and outstanding. This represents 4.0% of the issued and outstanding common shares. The average daily trading volume for the six months prior to the date of this bid is 137,487 common shares. The number of shares to be purchased in any one day shall not exceed 25% of the average daily trading volume for the six months prior to the bid. The bid will commence on November 1, 2010, and run until the earlier of the date on which purchases under the bid have been completed and October 31, 2011.

These purchases are to be made through the facilities of the TSX in accordance with its policy statements on normal course issuer bids. The price, which Epsilon will pay for any common shares, will be the market price at the time of acquisition plus brokerage fees. Purchases may commence on November 1, 2010, and will terminate no later than October 31, 2011.

To the knowledge of the directors and officers of Epsilon, no director or officer, associate of a director or officer of the Corporation, no person acting jointly or in concert with the Corporation nor any person holding 10 percent or more of the common shares has any present intention to sell common shares during the period of the normal course issuer bid. The Corporation previously purchased 1,000,000 common shares on November 26, 2008, pursuant to a normal course issuer bid and 1,000,000 common shares on April 23, 2010, pursuant to an exempt issuer bid.

Epsilon believes that the market price of the shares does not fully reflect the value of its business and its future business prospects and represents an attractive investment opportunity. Epsilon currently has uncommitted cash available which it can use for this bid and the Corporation is of the view that long-term value for its remaining shareholders will be enhanced.

### **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.

### **For further information please contact:**

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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.