

ASX / Media Release
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ACQUISITION OF ADDITIONAL TENEMENTS AT WEST OMAI GOLD PROJECT, GUYANA

Highlights

- **Acquires additional tenements giving control of approximately 25km of the Omai-Hicks-Kaburi corridor**
- **3 separate option agreements entered into for acquisition of tenement licences between Hicks and Kaburi Prospects**
- **Intention to commence geochemical auger sampling and trenching on Smart's No 1 option agreement within the next 3 weeks**
- **Preliminary exploration of Baksh and Smart's No 2 option agreements to occur later in 2010**

Gold focussed Australian resources company Epsilon Energy Limited, (ASX:EPS) ('Epsilon' or 'the Company') is pleased to announce that it has entered into three separate option agreements which completes the acquisition of all licences overlying the highly prospective Omai-Hicks-Kaburi mineralised corridor between the Hicks and Kaburi Prospects. These agreements also significantly extend the Company's holdings to the North West along the Aurora-Gem creek mineralised corridor (See Figure 1).

The terms of each option agreement are as follows (See Figure 2 for tenement locations):

1) Baksh Option Agreement (15 June 2010)

Total payments of US\$250,000 with 4 instalments:

- Payment of US\$50,000 on signing
- Payment of US\$100,000 on first anniversary of signing
- Payment of US\$50,000 on second anniversary
- Payment of US\$50,000 on third anniversary

During the period of the option, the Company has sole and exclusive rights to explore the licences.

After payment of the total consideration of US\$250,000 Epsilon will have earned 100% of the licences and the vendor will retain a 2% net smelter royalty which may be purchased by Epsilon at any time for US\$1,000,000. Apart from the option and final purchase payment, the Company does not have any expenditure commitments.

2) Smart's No 1 Option Agreement (26 July 2010) for 6 claims:

Total payment of US\$90,000 with 2 instalments:

- Payment of US\$25,000 upon signing
- Payment of US\$65,000 within 6 months to earn 100% of the 6 claims.

Thereafter, ownership of the claims will be transferred to Epsilon or its nominees and the vendor will not retain any interest or royalty. Apart from the option and final purchase payment, the Company does not have any expenditure commitments.

3) Smart's No 2 Option Agreement (26 July 2010) for 20 claims:

Total payment of US\$220,000 with 4 instalments:

- Payment of US\$15,000 on signing
- Payment of US\$15,000 on first anniversary
- Payment of US\$15,000 on second anniversary
- Payment of US\$155,000 on third anniversary.

During the period of the option, the Company has sole and exclusive rights to explore the licences.

After the final payment, Epsilon will have purchased the properties and the vendor will not retain any interest or royalties. Apart from the option and final purchase payment, the Company has no expenditure commitments.

Existing Workings and Prospectivity

The 6 claims within the Smarts No 1 agreement contain two significant bedrock workings:

- 1) Smart's pit of 120m long x 50m wide x 30m artisanal excavation which exploited mineralisation hosted within the Hicks shear zone. (See Figure 2)
- 2) Recently excavated small artisanal pits and adits which have exploited quartz veins (0.2-0.75m width) hosted by the Hicks shear zone 400m along strike from Smart's pit.

The North West extension of the West Omai Project gained through the execution of Baksh Option Agreement covers an additional 5km strike of prominent magnetic lineaments within the Aurora-Gem-Creek mineralised corridor (See Figure 1 & 2). These magnetic lineaments are the source of significant stream sediment anomalism within the Baksh tenements and include results produced by government stream sediment programs conducted between 2002 and 2005 of 2010ppb, 1410ppb 895ppb and 660ppb Au.

The Company intends to commence geochemical auger sampling and trenching over the claims of the Smart's No 1 option agreement within the next 3 weeks in preparation of the Company's upcoming drill campaign. Preliminary exploration of the Baksh and Smart's No 2 option agreements will be conducted later in the year.

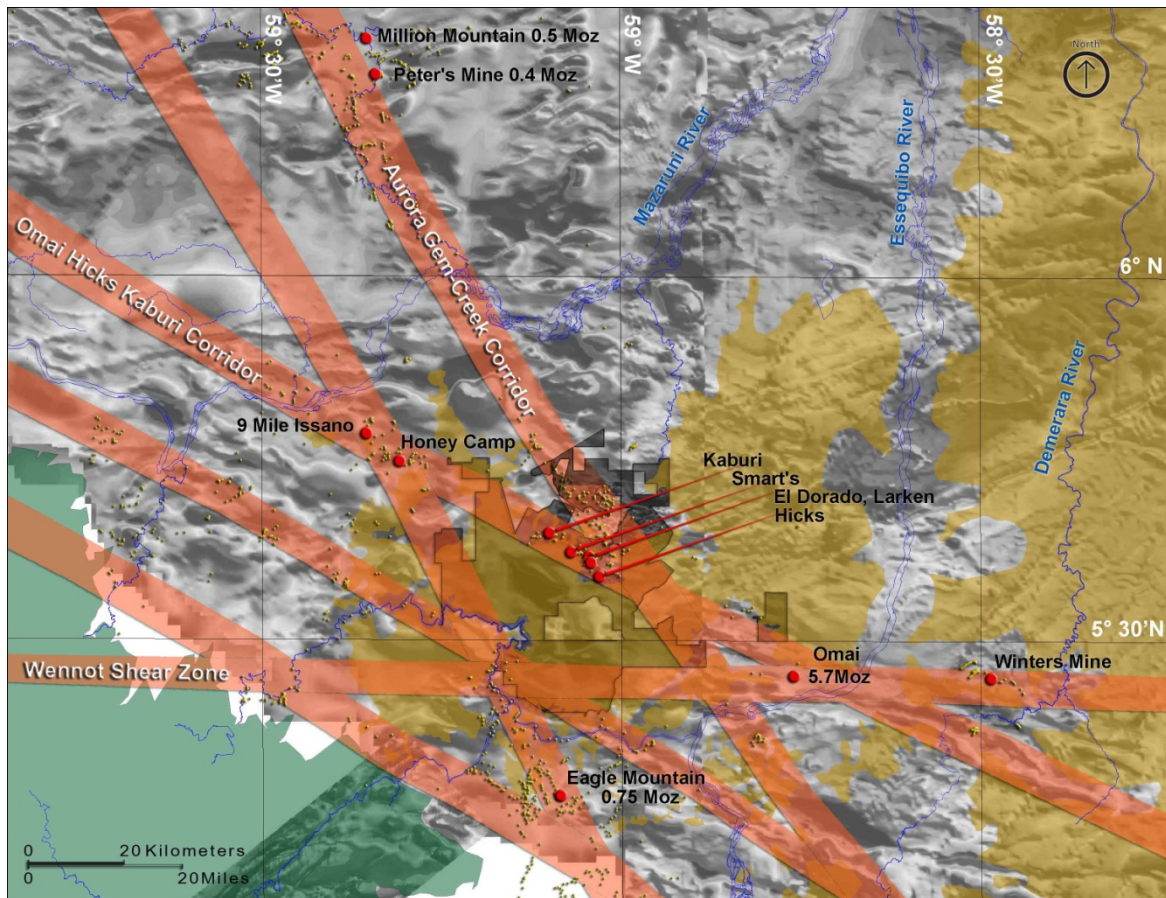


Figure 1. Showing location of major regional mineralised corridors and the location of the West Omai Project. Major bed rock prospects red dots, major mineralised corridors shaded red, White sand cover tan, significant alluvial workings yellow dots, West Omai Project grey shaded, overlain on sun shaded regional magnetics.

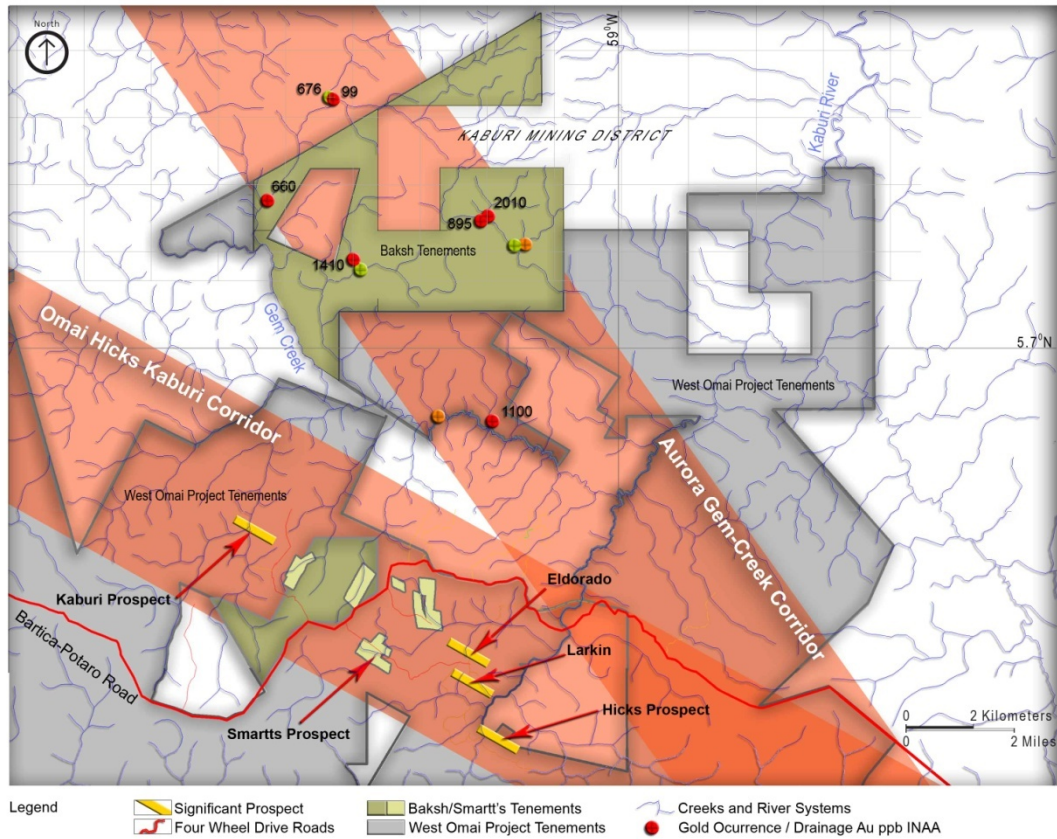


Figure 2. Location of the recently acquired Baksh and Smart's tenements, showing the location of major prospects and mineralised corridors and location of significant stream sediment anomalies.



Figure 3. Smart's Pit located approximately 4.5 km along strike from the Hicks Prospect. The Hicks shear zone, can be observed as the brownish yellow (limonite stained) vertical zone in the far left wall of the pit.

For further information please contact:

Mr Richard Monti
Executive Director
Epsilon Energy Ltd
Tel: (08) 9482 0540
Em: rmonti@epsilonenergy.com.au

Mr James Harris
Professional Public Relations
Tel: (08) 9388 0944
Mob: 0400 296 547
Em: james.harris@ppr.com.au