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PROSEP REPORTS 2009 FINANCIAL RESULTS

MONTREAL, QUEBEC – March 11, 2009 - ProSep Inc. (TSX: PRP), dedicated to providing process solutions to the oil and gas industry, today announced its financial results for the three and twelve-month periods ended December 31, 2009. All amounts are reported in Canadian dollars unless otherwise stated.

Selected highlights of the year and subsequent events:

Financial:

- Reported revenues of \$41.4 million for the year ended December 31, 2009 compared to \$51.6 million recorded for the same period ending December 31, 2008.
- Reported second consecutive annual positive EBITDA, at \$0.140 million for the year ended December 31, 2009 compared to \$3 million in 2008.
- Affected by non-cash items, Company reported net loss of \$13.9 million compared to a net loss of \$1.6 million in 2008. Excluding non-cash goodwill impairment, debt conversion and settlement, the 2009 loss would have stood at \$5.3 million. The difference is principally explained by lower revenues in 2009.
- Strengthened financial position and provided additional liquidities by converting \$8 million of principal amount of indebtedness into equity and subsequently completed a \$5 million rights offering to shareholders.
- Ended the year with a sales backlog of \$12.5 million, rebuilt to \$ 16.6 million at the end of January 2010.

Operations:

- Successful commissioning a new 55,000 square foot assembly shop in Houston, doubling the Company's production capacity.
- Strengthened South East Asian operations and gained an impressive share of the Malaysian offshore gas treatment processing market and introduced the Company's produced water offering, achieving 225% revenue growth in 2009.
- Expanded presence in the South American gas processing market by concluding the sale of the Company's largest gas processing system sold to date.

Commercial and technological developments:

- Launched a new complementary line of produced water treatment products.
- Received important industry recognition for the ProSalt, a compact and highly efficient crude desalting technology.
- Received \$1.4 million from industry partners Total, Statoil and ConocoPhillips for the final phase of development of a new gas dehydration technology with potential future subsea applications.
- Achieved promising results from field trials of the Sorbloc, a revolutionary biodegradable flocculant to treat produced water and capable of removing a full spectrum of harmful components including heavy metals.
- Continued qualification process of several new technologies in the Middle-East with potentially interesting near term commercial opportunities.
- Ranked Deloitte's fastest growing technology company in Canada, twelfth in North America and received the coveted Leadership and Green Technology awards.

“Through a challenging recessionary business environment in 2009, ProSep successfully achieved several milestones. We completed a thorough balance sheet restructuring, providing the Company with necessary working capital in preparation for growth. After a difficult start in 2009, we saw our backlog return to growth during the second half of the year. Finally, we made significant progress with several of our proprietary technologies, setting the stage for market introduction in 2010 of two promising solutions for produced water treatment and gas dehydration,” said Jacques L. Drouin, President & CEO of ProSep Inc.”

“We are starting the year in a stronger position. Our industry’s long term fundamentals remain solid and capital spending programs are being revived,” added Mr. Drouin. “The level of quoting activity is picking up significantly, our clients are investing more in upstream production equipment, and ProSep is increasingly invited to bid on much larger projects, reflecting a growing recognition for our ability to deliver quality and efficient solutions. As we are entering a new economic cycle, ProSep must face and manage robust competition and increased pressure on gross margins. Our challenge this year will be to keep ProSep on a solid profitability track as we continue investing in resources to profit from increasing market opportunities.”

Selected Financial Highlights

000s	Quarter ended December 31		Twelve-months ended December 31	
	2009	2008	2009	2008
Revenue	\$9,730	\$14,799	\$41,419	\$51,604
Gross margin	\$3,726	\$5,452	\$13,321	\$15,870
Gross margin percentage of sales	38%	37%	32%	31%
EBITDA*	\$447	\$770	\$140	\$3,020
EBITDA percentage of sales	4.6%	5.2%	0.3%	5.9%
Non-GAAP adjusted net profit (loss) excluding goodwill impairment and loss on debt settlement	\$(1,306)	\$27	\$(5,306)	\$(1,625)
Net profit (loss)	\$(1,306)	\$27	\$(13,878)	\$(1,625)
Basic and diluted profit (loss) per share	(0.01)	0.00	(0.13)	(0.03)
Weighted average number of shares (basic and diluted)	163,255	63,828	106,085	62,877
As at:	December 31, 2009		December 31, 2008	
Working capital**	\$2,338		\$(6,256)	
Total Assets	\$53,395		\$69,496	
Long-term liabilities	\$13,846		\$13,495	
Shareholder equity	\$19,962		\$19,531	

*EBITDA is a non-GAAP measure and the Company defines it as earnings or loss from operations excluding depreciation and amortization, financial charges and income taxes. Please refer to section called non GAAP measurement in the MD&A.

** Working Capital is defined as short term assets less short term liabilities

Financial Results

For the year ended December 31, 2009 ProSep reported revenues of \$41,418,738 a 20% decrease from revenues of \$51,604,379 reported in 2008. The global recession did not affect exploration and production capital expenditure programs (“CAPEX”) equally across all regions. Strong growth at the Company’s South East Asian operations was offset by weaker markets for the US and Europe & Middle-East operations. ProSep’s *US operations* generated revenues of \$26,798,060 during this period, down 38% from \$43,171,145 reported in 2008. A favourable US currency exchange rate helped mitigate lower sales by improving revenues by \$2.8 million. *Europe & Middle-East operations* reported revenues of \$3,872,797 down 36% from revenues of \$6,056,158 in 2008. *Asia Pacific operations* grew at a record pace in 2009, with revenues increasing by 225% to \$10,002,756 up from \$3,078,442 during the previous year. CAPEX programs remained stronger in the region and the Company’s local operation continued to build on its reputation for project execution, resulting in invitations to tender on larger projects. Created in 2007, the Asia Pacific operations now represent 24% of the Company’s consolidated revenues. Finally, *Product development activities* generated revenues of \$1,160,041 a 105% increase from \$565,653 in 2008. This increase reflects the Company’s desire to pursue additional

commercial applications for its proprietary technology portfolio by joining forces with industry partners such as Total, Statoil and Conoco Phillips.

For the three-month period ended December 31, 2009 ProSep reported revenues of \$9,729,635 down 34% from \$14,798,665 in 2008. Affected by residual weakness in upstream capital expenditure programs, the Company's US and Europe & Middle-East operations reported negative revenue growth during the quarter, offsetting positive performance at the Asia Pacific operations. Q4-2009 revenues at the *US operations* were down 50% to \$5,739,919 from \$11,449,540 in Q4-2008. Unfavourable US currency exchange rates resulted in a \$0.8 million negative effect to Q4-2009 revenues. *Europe & Middle-East operations* reported 61% revenue decrease to \$781,008 in Q4-09, from \$1,988,453 in Q4-08. *South Asian operations* reported significant revenue growth, reporting \$2,771,869 in the fourth quarter, a 93% increase over revenues of \$1,437,288 during Q4-2008. *Product Development activities* generated revenues of \$436,839, an increase of almost 240% from \$129,413 in Q4-2008. Revenue increase from this segment is mainly attributable to ongoing development and testing activities of the ProDry, a compact in-line gas processing system.

Gross margin for the year ended December 31, 2009 stood at \$13,321,072 or 32% of revenues compared to \$15,870,143 or 31% of revenues in 2008. Gross margin in 2008 was positively affected by the reversal of a warranty provision of \$2.5 million related to the successful delivery of a large produced water system to Kuwait Oil Company. Excluding this reversal, 2008 margin would have stood at \$13,308,302 or 26% of revenues. Gross margin improvements achieved in 2009 reflect non-recurring savings in project commissioning and completion in the second half of the year and higher labour components in the contract mix during the period.

For the three-month period ended December 31, 2009 gross margin stood at \$3,725,548 or 38% of revenues compared to \$5,452,058 or 37% of revenues for the quarter ended December 31, 2008. Excluding the positive effect of a \$1.3 million provision reversal that occurred in Q4-2008, gross margins would have stood at around 27% (half of the \$2.5 million warranty provision mentioned in the above paragraph was reversed during the fourth quarter of 2008).

Close attention to project execution and procurement resulted in significant savings in costs of goods sold. Combined with profitable product development activities and close monitoring of expenses, the Company was able to report positive EBITDA in the context of difficult market conditions. EBITDA for 2009 stood at \$140,379 compared with \$3,019,902 in 2008. The \$2,879,523 variance is largely attributable to the warranty provision reversal of \$2,561,841 that occurred in 2008 and mentioned above.

Total expenses remained fairly stable in 2009, reaching \$13,180,693 compared to \$12,850,241 during the previous year. Sales and marketing expenses were \$2,170,875 or 5% of revenues compared to \$1,854,230 or 4% of revenues a year before, reflecting the commercialisation a new conventional produced water treatment line and additional resources dedicated to support the increased level of quotations. General and administrative expenses were \$10,879,418 in 2009 compared to \$9,840,399 during the previous year. The \$1,039,019 increase is the results of additional expenses relating to the new 55,000 square feet fabrication and assembly facility, additional resources needed to support growing operations in Asia and lower human resources cost allocation to contracts at the European operations. Research and development expenses decreased to \$130,400 for the year ended December 31, 2009, down from \$1,155,612 in 2008. Higher allocation of R&D resources to direct costs of projects conducted with and paid for by industry partners explain half of this variance. The balance is explained by the capitalisation of expenses incurred during the year in relation to development activities of the ProDry, as recent tests have shown strong conclusive results.

For the year ended December 31, 2009, the Company reported a net loss of \$13,878,383 or \$0.13 per share compared to a net loss of \$1,625,057 or \$0.03 for the same period in 2008. The increase in net loss is largely attributable to non-cash items related to the balance sheet restructuring transaction taken during the second and third quarters of 2009 (respectively, \$6.5 million goodwill impairment and \$2.1 million debt settlement loss) and from the currency conversion effect of the US and European & Middle-East operations' balance sheets conversion accounting for approximately \$3.7 million of the variance.

Basic and diluted loss per share were calculated using the weighted-average number of Common Shares outstanding during the period of 106,085,384 shares and by using 62,877,078 in 2008. At December 31, 2009, ProSep held cash and cash equivalents of \$7,689,695 compared with \$7,615,119 as at December 31, 2008.

Effect of balance sheet restructuring on financial results

In light of the balance sheet restructuring initiative, a goodwill impairment charge of \$6.5 million was recorded in the second quarter of 2009. During the third quarter of 2009, a non-cash loss of \$2.1 million was recognized to account for the loss on debt settlement. No further write-down was required.

Regulatory Filings

ProSep filed its annual audited consolidated financial statements for the twelve-month period ending December 31, 2009 and related management discussion and analysis with securities regulatory authorities. The material will be available through SEDAR at www.sedar.com and on the Company's website, www.prosepinc.com.

Conference Call and Webcast Details

ProSep will host a conference call and webcast on Thursday, March 11, 2009 at 8:30 a.m. (ET) to discuss its 2009 fourth quarter and annual financial results. To access the conference call by telephone, dial 1-416-981-9000 or 1-800-941-1366. A live audio webcast of the conference call will also be available through www.prosepinc.com under the calendar of events in the news and investor center and on www.marketwire.com. For audio replay, dial 1-416-626-4100 or 1-800 558-5253 with the reservation code #21442532.

About ProSep Inc.

ProSep Inc. is dedicated to providing process solutions to the oil and gas industry. ProSep designs, develops, manufactures and commercializes technologies to separate oil, water and gas generated by oil and gas production. For more information, please visit www.prosepinc.com.

Caution concerning forward-looking statements

This press release may contain forward-looking statements, including statements regarding the business and anticipated financial performance of ProSep Inc. These statements are based, among others, on the Company's current assumptions, expectations, estimates, objectives, plans and intentions regarding projected revenues and expenses, the economic and industry environments in which the Company operates or which could affect its activities, the Company's ability to attract new clients and consumers as well as its operating costs, raw materials and energy supplies which are subject to a number of risks and uncertainties. Forward-looking statements can generally be identified by the use of the conditional tense, the words "may", "should", "would", "believe", "plan", "expect", "intend", "anticipate", "estimate", "foresee", "objective" or "continue" or the negative of these terms or variations of them or words and expressions of similar nature. Actual results could differ materially from the conclusion, forecast or projection stated in such forward-looking information. These statements are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause such differences include but are not limited to the Company's ability to develop, manufacture, and successfully commercialize value added equipments and services, the availability of funds and resources to continue its operations and pursue its projects, legislative or regulatory developments, competition, technological change, changes in government and economic policy, inflation and general economic conditions in geographic areas where ProSep Inc. operates. These and other factors should be considered carefully and undue reliance should not be placed on the forward-looking statements.

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