Information has been incorporated by reference into this prospectus from documents filed with securities commissions or similar authorities in Québec, Ontario, Alberta and British Columbia. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of ProSep Inc. at 1155 Wellington Street, Montreal, Québec, H3C 1V9 (telephone (514) 522-5550) and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

Rights Offering

June 17, 2009

ProSep Inc.

TOGETHER CREATING PURE OIL, GAS AND WATER

Rights to Subscribe for up to 76,923,077 Common Shares at a price of $0.13 per Common Share

This preliminary short form prospectus qualifies the distribution of rights (the "**Rights**") to subscribe for and purchase from ProSep Inc. ("**ProSep**" or the "**Corporation**") an aggregate of up to 76,923,077 common shares ("**Common Shares**") of the Corporation at a price (the "**Subscription Price**") per Common Share equal to $0.13 on the terms set forth herein (the "**Offering**"). The Subscription Price represents a 47% discount to the weighted average price of the Common Shares traded on the Toronto Stock Exchange (the "**TSX**") during the ten trading days preceding the date hereof. This short form prospectus also qualifies the Common Shares issuable upon exercise of the Rights.

The Corporation will distribute the Rights to holders of its Common Shares ("**Common Shareholders**") of record as at the close of business on ●, 2009 (the "**Record Date**"). Each Common Shareholder of record on the Record Date will receive one Right for each Common Share held (the "**Basic Subscription Privilege**"). See "Details of the Offering - Basic Subscription Privilege". 1.6223 Rights entitle the holder to acquire one Common Share upon payment of the Subscription Price. No fractional Common Shares will be issued pursuant to the Offering. Holders of Rights who exercise their Rights in full are entitled to subscribe *pro rata* for Additional Common Shares (as defined herein) pursuant to the Additional Subscription Privilege defined and described herein. See "Details of the Offering - Additional Subscription Privilege".

The Rights may be exercised commencing on ●, 2009 (the "**Commencement Date**") and the Rights will expire at 4:00 p.m. (local time at the place of exercise in Canada) (the "**Expiration Time**") on ●, 2009 (the "**Expiration Date**"). **Rights not exercised at or before the Expiration Time will be void and of no value. If a Common Shareholder elects not to exercise the Rights issued to that Common Shareholder, or elects to sell or transfer those Rights, the value of the Common Shares currently held by that Common Shareholder may be diluted as a result of the exercise of the Rights by others.**

The Rights are fully transferable by holders. A holder of a Right is not, by virtue of such Right, a Common Shareholder and does not have any of the rights of a Common Shareholder.

Concurrently with the Offering, the holders of the Corporation's $1,500,000 principal amount of 12% Secured Convertible Debentures due October 29, 2009 (the "**2004 Debenture**"), the US$4,000,000 principal amount of 13.25% Unsecured Debentures with a final maturity date of April 1, 2013 (the "**2007 Debenture**") and the $5,090,000 principal amount of 13% Unsecured Convertible Debentures due April 23, 2013 (the "**2008 Debenture**", and together with the 2004 Debenture and the 2007 Debenture, the "**Debentures**") have agreed to amend the terms of the Debentures and to partially convert such Debentures at a reduced conversion price of $0.13 into an aggregate of 60,350,923 Common Shares (the "**Amendments**") representing a dilution of 94% of all the issued and outstanding Common Shares as at June 16, 2009. The closing of the Amendments will occur on or before the Record Date subject to certain closing conditions. Certain of the holders of Debentures have further agreed to exercise the Rights attached to all the Common Shares they hold as of the Record Date pursuant to their Basic Subscription Privileges and Additional Subscription Privileges to the fullest extent permitted by securities laws so as to ensure that ProSep receives gross proceeds from the Offering of no less than $4,840,000. The aggregate maximum investment that such holders have agreed to make is $5,440,000, in the event that ProSep receives gross proceeds from the Offering of at least $9,000,000. See "Transactions Occurring Concurrently With The Offering". The potential dilution of the Amendments and the Offering (assuming exercise of all Rights in full) is 213% of all the issued and outstanding Common Shares as at June 16, 2009.

The Common Shares are listed and posted for trading on the TSX under the symbol PRP. The closing price of the Common Shares on the TSX on June 16, 2009 was $0.22 (the last date prior to the date of this preliminary short form prospectus). The Corporation has applied to list on the TSX the Rights distributed under this short form prospectus as well as the Common Shares issuable upon exercise of the Rights. Approval of such listing will be subject to the Corporation fulfilling all the listing requirements of the TSX.

The offer and distribution of the Rights as well as the Common Shares issuable upon the exercise of the Rights is qualified in the Eligible Jurisdictions (as defined herein) by this prospectus.

Computershare Investor Services Inc. (the "**Subscription Agent**") will be appointed as the subscription agent for the Offering pursuant to a rights agency and custodial agreement between the Corporation and the Subscription Agent.

	Price to Public	**Net Proceeds to the Corporation**
Per Common Share	$0.13	$0.126[(1)]
Total	$0.13	$9,694,000[(2)]

Notes:

(1) Assuming exercise of all Rights in full.

(2) After deducting the estimated expenses of this Offering of approximately $306,000 and assuming that $10,000,000 of Common Shares are issued at closing. The expenses will be paid from the proceeds of the Offering. See "Plan of Distribution".

There are certain risk factors associated with an investment in Rights and Common Shares. See "Risk Factors" for a discussion of various risk factors that should be considered by the purchasers of the Rights and Common Shares.

For Common Shares held through a securities broker or dealer, bank or trust company or other participant (a "**CDS Participant**") in the book based system administered by CDS Clearing and Depository Services Inc. ("**CDS**"), a subscriber may subscribe for Common Shares by instructing the CDS Participant holding the subscriber's Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Common Share subscribed to the CDS Participant which holds the subscriber's Rights in accordance with the terms of this Offering. Subscribers wishing to subscribe for Additional Common Shares under the Additional Subscription Privilege must forward their request to their CDS Participant prior to the Expiration Time on the Expiration Date, along with payment for the Additional Common Shares requested. Subscribers should contact their particular CDS Participant for complete details on how to exercise both the Basic Subscription Privilege and the Additional Subscription Privilege. Any excess funds will be returned by mail or credited to a subscriber's account with its CDS Participant, without interest or deduction. See "Details of the Offering - Rights Certificate - Common Shares Held Through CDS".

For Common Shares held in registered form, a Rights certificate (the "**Rights Certificate**") evidencing the number of Rights to which a holder is entitled will be mailed with a copy of this prospectus to each registered holder as of the close of business on the Record Date. In order to exercise the Rights represented by the Rights Certificate, the holder of the Rights must complete and deliver the Rights Certificate to the Subscription Agent in the manner and upon the terms set out in this prospectus. See "Details of the Offering - Rights Certificate - Common Shares Held in Registered Form".

Subscriptions for Common Shares made in connection with this Offering will be irrevocable and subscribers will be unable to withdraw their subscriptions for Common Shares once submitted.

This prospectus qualifies the distribution of the Rights as well as the Common Shares issuable upon exercise of the Rights in each of the provinces of Québec, Ontario, Alberta and British Columbia (an "**Eligible Jurisdiction**"). The Rights as well as the Common Shares issuable upon the exercise of the Rights are not being distributed or offered to holders in the United States or in any jurisdiction other than the Eligible Jurisdictions (an "**Ineligible Jurisdiction**") and the Rights may be exercised by or on behalf of a holder of Rights resident in an Ineligible Jurisdiction (an "**Ineligible Holder**") only to the extent certain conditions described herein are complied with. This prospectus is not, and under no circumstances is to be construed as, an offering of any Rights or Common Shares for sale in any Ineligible Jurisdiction or a solicitation therein of an offer to buy any securities. Rights Certificates will not be sent to holders with addresses of record in any Ineligible Jurisdiction. Instead, such Ineligible Holders will be sent a letter advising them that their Rights Certificates will be held by the Subscription Agent, who will hold such Rights as agent for the benefit of all such Ineligible Holders. See "Ineligible Holders".

The head and principal office of the Corporation are located at 1155 Wellington Street, Montreal, Québec H3C 1V9.

Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars.

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this prospectus and the documents incorporated by reference herein constitute forward-looking statements, including those identified by the expressions "intend", "anticipate", "believe", "estimate", "expect", "forecast", "may", "will", "project", "should", "outlook", "target" and similar expressions to the extent they relate to the Corporation. These forward-looking statements are not historical facts but reflect the Corporation's current expectations regarding future results or events. These forward-looking statements are based, among others, on ProSep management's current assumptions, expectations, estimates, objectives, plans and intentions regarding projected revenues and expenses, the economic and industry environments in which ProSep operates or which could affect its activities, ProSep'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. These forward-looking statements also involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including matters discussed under "Risk Factors" and in other sections of this prospectus.

The Corporation believes the expectations reflected in those forward-looking statements are reasonable. However, the Corporation cannot assure you that these expectations will prove to be correct. You should not unduly rely on forward-looking statements included in, or incorporated by reference into, this prospectus. These statements speak only as of the date of this prospectus or as of the date specified in the documents incorporated by reference into this prospectus, as the case may be.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this prospectus and the documents incorporated by reference in this prospectus:

- Dilution;
- Trading Market for Rights;
- The Market Price of Securities of the Corporation May Be Subject to Significant Fluctuations Which May be Based on Factors Unrelated to its Financial Performance or Prospects;
- Additional Financing Requirements and Access to Capital;

- Increased Indebtedness;
- Recession Risk;
- Potential Goodwill Impairment;
- Use of Proceeds; and
- Dividends.

The foregoing list of factors is not exhaustive and when relying on forward-looking statements to make decisions with respect to investing in the Corporation, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Corporation does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or other similar authority in Québec, Ontario, Alberta and British Columbia are specifically incorporated by reference in and form an integral part of this short form prospectus:

(a) the Annual Information Form of the Corporation dated March 11, 2009 (the "**AIF**");

(b) the Second Amended Management Proxy Circular dated as of March 11, 2009 in connection with the annual meeting of Common Shareholders held on May 14, 2009;

(c) the Audited Consolidated Financial Statements at December 31, 2008, December 31, 2007 and June 30, 2007, for the year ended December 31, 2008, for the six-month period ended December 31, 2007 and for the year ended June 30, 2007, together with the notes thereto and the auditors' reports thereon;

(d) the Amended and Restated Management's Discussion and Analysis dated June 17, 2009 for the year ended December 31, 2008;

(e) the Interim Unaudited Consolidated Financial Statements as at March 31, 2009 and for the three-month periods ended March 31, 2009 and 2008, together with the notes thereto;

(f) the Management's Discussion and Analysis dated May 14, 2009 for the three month period ended March 31, 2009 (the "**MD&A**"); and

(g) the Information Supplement to the Second Amended Management Proxy Circular dated as of March 11, 2009, in connection with the annual meeting of Common Shareholders held on May 14, 2009, dated June 17, 2009.

Any of the documents of the type referred to above, any material change reports (excluding confidential material change reports) and any information circulars, business acquisition reports or other documents required to be incorporated by reference into this short form prospectus and subsequently filed by the Corporation with the securities commissions and any similar authority in Canada after the date of this short from prospectus and prior to the termination of the distribution hereunder shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statements. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this

short form prospectus. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

SUMMARY

The following is a summary of the principal features of the Offering and should be read together with, and is qualified in its entirety by, the more detailed information and financial data and statements contained elsewhere or incorporated by reference in this prospectus. Certain terms used in this summary and in the prospectus are defined elsewhere herein. Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars.

Record Date:	●, 2009.
Commencement Date:	●, 2009.
Expiration Time and Date:	4:00 p.m. (local time at the place of exercise in Canada) on ●, 2009.
Entitlement to Rights:	Each Common Shareholder of record on the Record Date is entitled to receive one Right for each Common Share held.
Subscription Price:	$0.13 per Common Share.
Basic Subscription Privilege:	1.6223 Rights will entitle a holder of such Rights to subscribe for one Common Share at the Subscription Price. See "Basic Subscription Privilege".
Additional Subscription Privilege:	Holders of Rights who exercise their Rights in full under the Basic Subscription Privilege may also subscribe *pro rata* for Additional Common Shares not subscribed for initially, if any. See "Additional Subscription Privilege".
Maximum Net Proceeds to the Corporation:	Approximately $9,694,000, after deduction of estimated expenses of the Offering of $306,000, assuming full subscription.
Commitment to Exercise Rights:	Concurrently with the Offering, the holders of the Corporation's Debentures have agreed to amend the terms of the Debentures and to partially convert at a reduced conversion price of $0.13 such Debentures into an aggregate of 60,350,923 Common Shares representing a dilution of 94% of all the issued and outstanding Common Shares as at June 16, 2009. The closing of the Amendments will occur on or before the Record Date subject to certain closing conditions. Certain of the holders of Debentures have further agreed to exercise the Rights attached to all the Common Shares they hold as of the Record Date pursuant to their Basic Subscription Privileges and Additional Subscription Privileges to the fullest extent permitted by securities laws so as to ensure that ProSep receives gross proceeds from the Offering of no less than $4,840,000. The aggregate maximum investment that such holders have agreed to make is $5,440,000, in the event that ProSep receives gross proceeds from the Offering of at least $9,000,000. See "Transactions Occurring Concurrently With The Offering". There is otherwise no stand-by commitment to purchase the Common Shares issuable pursuant to the Rights.

Exercise of Rights:	For all Holders whose Common Shares are held in registered form with an address of record in an Eligible Jurisdiction, a Rights Certificate representing the total number of Rights to which such Holder is entitled as at the Record Date will be mailed with a copy of this prospectus to each such Holder. In order to exercise the Rights represented by the Rights Certificate, such holder of Rights must complete and deliver the Rights Certificate in accordance with the instructions set out under "Details of the Offering — How to Complete the Rights Certificate". For Common Shares held through a CDS Participant, a subscriber may subscribe for Common Shares by instructing the CDS Participant holding the subscriber's Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Common Share subscribed for in accordance with the terms of this Offering to such CDS Participant.
Holders in Ineligible Jurisdiction:	No subscription under the Basic Subscription Privilege nor under the Additional Subscription Privilege will be accepted from any person, or such person's agent, who appears to be, or who the Corporation has reason to believe is, an Ineligible Holder, except that the Corporation may accept subscriptions in certain circumstances from persons in such jurisdictions if the Corporation determines that such offering to and subscription by such person or agent is lawful and in compliance with all securities and other laws applicable in the jurisdiction where such person or agent is resident (each an "**Approved Eligible Holder**"). No Rights Certificates will be mailed to Ineligible Holders and Ineligible Holders will not be permitted to exercise their Rights. Holders of Common Shares who have not received Rights Certificates but are resident in an Eligible Jurisdiction or wish to be recognized as Approved Eligible Holders should contact the Subscription Agent at the earliest possible time. Rights of Ineligible Holders will be held by the Subscription Agent until 4:00 p.m. (Toronto time) on ●, 2009 in order to provide the beneficial holders outside the Eligible Jurisdictions opportunity to claim the Rights Certificate by satisfying the Corporation that the exercise of their Rights will not be in violation of the laws of the applicable jurisdiction. After such time, the Subscription Agent will attempt to sell the Rights of such registered Ineligible Holders on such date or dates and at such price or prices as the Subscription Agent will determine in its sole discretion. See "Ineligible Holders".
Intention of Directors and Officers of the Corporation:	Directors and members of the executive committee of ProSep who own Common Shares and receive Rights pursuant to the Offering have agreed to exercise Rights to acquire approximately 650,000 Common Shares under the Basic Subscription Privilege and the Additional Subscription Privileges.
Listing and Trading:	The Corporation has applied to list on the TSX the Rights and the Common Shares issuable upon the exercise of the Rights. The approval of such listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.
Risk Factors:	An investment in Common Shares is subject to a number of risk factors. See "Risk Factors".

PROSEP INC.

ProSep Inc. was incorporated under the *Company Act* (British Columbia) on October 6, 1986 under the name of Stacia Ventures Inc. and was continued under the *Canada Business Corporations Act* on March 25, 1993. Effective November 9, 1995, ProSep changed its name to Environmental Applied Research Technology House – EARTH (Canada) Corporation. On November 4, 2005, ProSep's articles were further amended to change the name to TORR Canada Inc. On April 24, 2008, ProSep changed its name to ProSep Inc., to build on the acquisition of Pure Group AS, ProPure AS, ProSep Technologies Inc. and Pure Group Asia Pacific Sdn Bhd, and to reflect the Corporation's broader offering and the role played by one of the leading subsidiaries, ProSep Technologies Inc, that has developed a reputation in the upstream oil and gas processed equipment market.

ProSep's head and registered office is located at 1155 Wellington, Montreal, Québec, H3C 1V9.

ProSep 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.

BACKGROUND TO THE OFFERING

During 2008, ProSep began to have concerns with its ability to comply with the terms and conditions of its loan facilities on the grounds that ProSep required full use of its working capital resources due to the increase in backlog and revenues, the global economic slowdown and the financial market crisis and its increased level of indebtedness. Increased needs for working capital caused ProSep to default during the third quarter on a covenant in its loan facility (the "**Facility**") with DnB Nor Bank ASA ("**DnB**") that required ProSep to keep its overdraft facility undrawn for no less than three weeks, at least twice a year. In order to obtain a waiver from this default, ProSep was required to deposit into escrow 18,000,000 NOK (equivalent to $3,158,986 as of December 31, 2008), pending renegotiation of the financial covenant structure under the Facility. The Board of directors of ProSep (the "**Board**") met on November 11, 2008 and November 12, 2008 to review the financial situation and mandated management to begin an analysis of ProSep's balance sheet and to examine the possibility of extending the maturity of two of ProSep's Debentures: the 2004 Debenture that was coming due on October 29, 2009 and the 2007 Debenture for which initial instalment payments of principal amount were due in July 2009. On January 30, 2009, the Board held a meeting to examine the financial situation of the Corporation and to review all available options, including further reductions in operating expenses, refinancings, issuance of new equity or debt and potential sales of assets. A subsequent meeting of the Board was held on February 17, 2009 to further review all the options available. As a result of this meeting, the Board authorized ProSep to retain financial advisors to review available alternatives and, if appropriate, initiate negotiations with existing holders of Debentures. Management provided an update to the Board at a meeting held on March 11, 2009, on a possible debt restructuring. Following this meeting, ProSep began preliminary discussions with the holders of the Debentures.

On April 20, 2009, the Corporation entered into an agreement with DnB pursuant to which the parties prepared a revised covenant structure in relation to the Facility. Under this amended debt agreement, while ProSep was entitled to the release of the 18,000,000 NOK escrowed during the previous year, ProSep had to agree to certain financial and negative covenants, including restrictions on ProSep's ability to incur indebtedness, pay dividends, make certain other payments, create liens, sell assets and enter into a merger transaction. The operating subsidiaries of the Corporation were also restricted from transferring funds in the form of dividends, loans or otherwise to the Corporation in excess of $3,750,000 for fiscal year 2009.

Therefore, as at May 13, 2009, when the Board approved the first quarter results, due to the short-term maturity of certain credit facilities, committed cash obligations and expected level of expenses for the upcoming 9 months which exceeded committed sources of funds and cash and cash equivalents on hand, the Corporation was in serious financial difficulty. In view of these conditions, the ability of the Corporation to continue as a going concern was dependant upon its ability to obtain financing and on achieving profitable operations. As a result, failure to (a) obtain a waiver from DnB prior to the end of 2009; (b) obtain new sources of financing on favourable terms; or (c) complete a recapitalization transaction on favourable terms, could result in ProSep being unable to meet its operational and financial requirements. The Board further met on June 3, 2009 to consider the progress made with the holders of the Debentures.

After a lengthy negotiation process with the holders of Debentures, the parties entered on June 17, 2009 into a Rights Offering Purchase and Debentures Amendment Agreement (as defined herein) to amend the terms of the Debentures and partially convert such Debentures into Common Shares. The agreement also contemplated that certain of the holders of Debentures agreed to exercised the Rights attached to all the Common Shares they hold as of the Record Date. See "Transactions Occurring Concurrently With The Offering". Throughout the review process of ProSep's financial alternatives, the Board was kept informed of all developments by the management.

TRANSACTIONS OCCURRING CONCURRENTLY WITH THE OFFERING

This section of the prospectus describes the material provisions of the Rights Offering Purchase and Debentures Amendment Agreement entered into on June 17, 2009 between ProSep and the holders of Debentures (the "**Rights Offering Purchase and Debentures Amendment Agreement**") but does not purport to be complete and may not contain all of the information about the Rights Offering Purchase and Debentures Amendment Agreement that is important to the Common Shareholders. This summary of the Rights Offering Purchase and Debentures Amendment Agreement is qualified in its entirety by reference to the full text of the Rights Offering Purchase and Debentures Amendment Agreement, which is available on Sedar at www.sedar.com. Common Shareholders are encouraged to read the Rights Offering Purchase and Debentures Amendment Agreement in its entirety. Concurrently with the Offering, the holders of the Corporation's Debentures have agreed to amend the terms of the Debentures and to partially convert such Debentures (representing an amount of $7,178,500 and $667,120 of accrued interest) into an aggregate of 60,350,923 Common Shares pursuant to the Rights Offering Purchase and Debentures Amendment Agreement. The Parties to the Rights Offering Purchase and Debentures Amendment Agreement agreed to (i) amend the 2004 Debenture conversion price at which it can be converted into Common Shares from $0.65 to $0.13 per Common Share and the holders of the 2004 Debenture agreed to exercise entirely their conversion right on or prior to the Record Date provided that certain conditions are met; (ii) exchange entirely the 2007 Debenture for $4,542,000 in principal amount of 2008 Debenture; and (iii) amend the 2008 Debenture by dividing the outstanding debt into two tranches: tranche A in principal amount of $5,678,500 ("**Tranche A**") and tranche B in principal amount of $3,953,500 ("**Tranche B**"). Pursuant to such amendments, (i) each $1,000 in principal amount of the Tranche A of the 2008 Debenture will be convertible into that number of Common Shares equal to the number obtained when dividing $1,000 principal amount of Tranche A of the 2008 Debenture by $0.13 (rounding to four decimal places) instead of the initial conversion price of $0.45; (ii) the conversion price for the Tranche B of the 2008 Debenture will be $0.30 instead of the initial conversion price of $0.45 (rounding to four decimal places); (iii) the interest rate on both Tranches will be increased from 13% to 13.25%; (iv) the definition of "Maturity Date" will be amended to five (5) years after the date of the Amendments; (v) except in the event of the change of control, the 2008 Debenture will not be redeemable at the option of the Corporation prior to two (2) years after the date of the Amendments; and (vi) the Corporation's right to pay interest in Common Shares or to repay the 2008 Debenture on redemption in Common Shares will be rescinded. Moreover, the holder of the 2008 Debenture also agreed to exercise their conversion right related to the Tranche A on or prior to the Record Date provided that certain conditions are met. As a result, following the Amendments, the Corporation will have Debentures outstanding, bearing interest at 13.25% and maturing in 5 years, of which a principal amount of $3,953,500 will be outstanding.

The closing of the Amendments, which is subject to regulatory approval (including approval by the TSX) and other customary closing conditions, may materially affect the control of ProSep and is expected to occur on or before the Record Date. Following the Amendments, the share ownership of FondAction, Le Fonds de développement de la confédération des syndicats nationaux pour la coopération et l'emploi ("**FondAction**") will increase from 2,804,069 Common Shares to 24,465,607 Common Shares (from 4.4% to 19.6% of all the issued and outstanding Common Shares). To the best of the knowledge of ProSep, no insider has an interest, directly or indirectly, in the Amendments other than Bruno Ducharme, one of the directors of Prosep whose personal investment vehicle holds $250,000 in principal amount of Debentures and will receive 1,923,077 Common Shares upon the Amendments, representing 1.5% of all the issued and outstanding Common Shares following the Amendments. As of June 16, 2009, Bruno Ducharme owns 92,676 Common Shares representing 0.1% of all the issued and outstanding Common Shares. As a result of the Amendments, ProSep will issue 60,350,923 Common Shares which represent a dilution of 94% of all the issued and outstanding Common Shares as at June 16, 2009.

Certain of the holders of Debentures have further agreed, subject to certain closing conditions included in the Rights Offering Purchase and Debentures Amendment Agreement, to exercise the Rights attached to all the Common Shares they hold as of the Record Date pursuant to their Basic Subscription Privileges and Additional Subscription Privileges to the fullest extent permitted by securities laws so as to ensure that ProSep receives gross proceeds from the Offering of no less than $4,840,000. The aggregate maximum investment that such holders have agreed to make is $5,440,000, in the event that ProSep receives gross proceeds from the Offering of at least $9,000,000. There is otherwise no stand-by commitment to purchase the Common Shares issuable pursuant to the Rights.

Pursuant to the Rights Offering Purchase and Debentures Amendment Agreement, the holders of the Debentures may terminate the Rights Offering Purchase and Debentures Amendment Agreement if ProSep does not comply with the following conditions: (i) the holder of Debentures, together with any Common Shareholders that have exercised their Rights, shall have invested, through the exercise of their Rights and, if applicable, the conversion of interest payable under the Debentures, at least $5,000,000 in the aggregate in Common Shares; (ii) ProSep will have made and/or obtained all necessary filings, approvals, orders, rulings and consents of all relevant securities commissions and other governmental and regulatory bodies required in connection with the Amendments, the issuance of the Common Shares and the Offering and the acquisition of securities by the holders of Debentures, in each case, subject to, and as contemplated, by the Rights Offering Purchase and Debentures Amendment Agreement; (iii) if applicable, interest payable under the Debentures must be paid to all holders of Debentures in cash; (iv) the TSX having approved (a) the written application made by ProSep in accordance with Section 604(e) of the TSX Company Manual (the "**TSX Manual**") to exempt ProSep from any requirement to obtain securityholder approval for the Amendments; (b) the decrease in the conversion price and other amendments to the Debentures made in accordance with Section 610(c) of the TSX Manual; and (c) the listing of the Rights and the Common Shares issuable upon exercise of the Rights, subject to the filing of customary documents with the TSX; (v) the holders of Debentures shall receive a certificate addressed to it, dated the Commencement Date and signed by an officer of ProSep acceptable to the holders of Debentures, certifying for and on behalf of ProSep, and without any personal liability of the officer, that (a) ProSep has complied with all covenants and satisfied all terms and conditions of the Rights Offering Purchase and Debentures Amendment Agreement on its part to be complied with and satisfied at or prior to the Commencement Date, (b) since June 17, 2009 there has been no material adverse change, (c) the representations and warranties of ProSep contained in the Rights Offering Purchase and Debentures Amendment Agreement are true and correct, in all material respects, as of the Commencement Date, and (d) no order, ruling or determination having the effect of ceasing or suspending trading in any securities of ProSep has been issued and no proceedings for such purpose are pending or, to the knowledge of such officer, contemplated or threatened; (vi) no holder of Debentures rescind its commitment prior to the Record Date; (vii) closing of the Amendments does occur prior to August 6, 2009; and (viii) the closing of the Offering does occur on or prior to August 31, 2009.

The Amendments have been unanimously approved by all ProSep's directors free from any interest in the Amendments and unrelated to the parties involved in the Amendments, taking into account such matters it considered relevant, including the fact that (i) the Corporation is in serious financial difficulty and the Amendments are designed to improve ProSep's financial situation; (ii) the Amendments are not subject to court approval and is not being effected under bankruptcy or insolvency law or Section 191 of the *Canada Business Corporations Act*, any successor to that Section, or equivalent legislation of a jurisdiction; (iii) the Corporation has one or more independent directors in respect of the Amendments; (iv) there is no other requirement, corporate or other, to obtain any approval of the holders of any class of affected securities; and (v) the terms of the Amendments are reasonable for the Corporation in the circumstances. Moreover, the Corporation believes that an equity financing by way of a rights offering is more favorable to existing Common Shareholders by allowing all eligible shareholders to maintain their current equity position at a discounted offering price. Certain transactions described herein may constitute a related party transaction in accordance to *Multilateral Instrument 61-101 – Protection of Minority Shareholders in Special Transactions* ("**MI 61-101**"). The Corporation relies on the financial hardship exemption included in Sections 5.5(g) and 5.7(e) of MI 61-101 to be exempted from the requirement for a formal valuation and a minority shareholder approval. The Corporation also relies on the TSX financial hardship exemption of Section 604(e) of the TSX Manual to be exempted from the requirement of the TSX Manual to obtain shareholder approval in consideration of the serious financial circumstances of the Corporation. Common Shareholders' approval is required by the TSX because the number of Common Shares to be issued on the Amendments exceeds the maximum 25% dilution permissible under the TSX Manual, the terms of the Debentures are amended mainly to provide for a reduced conversion price for the Debentures that is lower than the market price less the permissible discount under the TSX Manual and the Amendments may materially affect the control of the Corporation because of the increased share ownership of FondAction. Closing of the Amendments is conditional on the receipt of such exemption from the TSX.

DETAILS OF THE OFFERING

Issue of Rights

Common Shareholders of record at the close of business on the Record Date will receive Rights on the basis of one Right for each Common Share held on such date. The Rights permit the holders thereof to subscribe for and purchase from the Corporation an aggregate of approximately 76,923,077 Common Shares (assuming exercise of all Rights in full) which would represent a dilution of 119% of all the issued and outstanding Common Shares as at June 16, 2009 and of 213% together with the dilution related to the Amendments. The Offering may materially affect the control of ProSep. Following the Amendments and the Offering (assuming exercise of all Rights in full), the share ownership of FondAction will increase from 4.4% up to 21.7% of all the issued and outstanding Common Shares. The Rights are fully transferable in Canada by the holders thereof. See "Details of the Offering - Sale or Transfer of Rights".

For Common Shareholders who hold their Common Shares in registered form, a Rights Certificate evidencing the number of Rights to which a holder is entitled as at the Record Date and the number of Common Shares which may be obtained on exercise of those Rights will be mailed with a copy of this prospectus to each holder as of the close of business on the Record Date. See "Details of the Offering - Rights Certificate - Common Shares Held in Registered Form".

Holders that hold their Common Shares through a CDS Participant will not receive physical certificates evidencing their ownership of Rights. On the Record Date, a global certificate representing such Rights will be issued in registered form to, and in the name of, CDS or its nominee. See "Details of the Offering - Rights Certificate - Common Shares Held Through CDS".

Subscription Basis

1.6223 Rights entitle the holder to subscribe for one Common Share at a Subscription Price per Common Share of $0.13, all as described below under the section "Basic Subscription Privilege". Fractional Common Shares will not be issued upon the exercise of Rights. Where the exercise of Rights would appear to entitle a holder of Rights to receive fractional Common Shares, the holder's entitlement will be reduced to the next lowest whole number of Common Shares. CDS Participants that hold Rights for more than one beneficial holder may, upon providing evidence satisfactory to the Corporation, exercise Rights on behalf of its accounts on the same basis as if the beneficial owners of Common Shares were holders of record on the Record Date.

Commencement Date and Expiration Time

The Rights will be eligible for exercise on and following the Commencement Date and will expire at 4:00 p.m. (local time at the place of exercise in Canada) on the Expiration Date. Holders who exercise their Rights pursuant to the terms and conditions contained herein will not become a Common Shareholder of record until the Expiration Date. **RIGHTS NOT EXERCISED BY THE EXPIRATION TIME WILL BE VOID AND OF NO VALUE**.

Subscription Agent

Computershare Investor Services Inc. (the "**Subscription Agent**") has been appointed by the Corporation: (i) to receive subscriptions and payments from holders of Rights Certificates for the Common Shares and Additional Common Shares (as hereinafter defined) subscribed for under the Basic Subscription Privilege and under the Additional Subscription Privilege, respectively; (ii) to act as registrar and transfer agent for the Common Shares, and (iii) to perform the services relating to the exercise and transfer of the Rights. The Corporation will pay for all such services of the Subscription Agent. Subscription and payments under the Offering should be sent to the Subscription Agent by mail at Computershare Investor Services Inc., P.O. Box 7021, 31 Adelaide Street East, Toronto, Ontario, M5C 3H2 or by registered mail, hand or courier at Computershare Investor Services Inc., 100 University Avenue, 9th floor, Toronto, Ontario, M5J 2Y1 (the "**Subscription Office**").

Basic Subscription Privilege

To determine the maximum whole number of Common Shares for which subscription may be made under the Offering, divide the number of Rights to which the subscriber is entitled by 1.6223 and round down to the nearest whole number.

For Common Shares held in registered form, in order to exercise the Rights represented by a Rights Certificate, the holder of Rights must complete and deliver the Rights Certificate to the Subscription Agent in accordance with the terms of this Offering in the manner and upon the terms set out in this prospectus and pay the Subscription Price. All exercises of Rights are irrevocable once submitted.

For Common Shares held through a CDS Participant, a holder may subscribe for Common Shares by instructing the CDS Participant holding the subscriber's Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Common Share subscribed for in accordance with the terms of this Offering to such CDS Participant. Subscriptions for Common Shares made in connection with the Offering through a CDS Participant will be irrevocable and subscribers will be unable to withdraw their subscriptions for Common Shares once submitted.

The Subscription Price is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of the Subscription Agent. In the case of subscription through a CDS Participant, the Subscription Price is payable by certified cheque, bank draft or money order drawn to the order of such CDS Participant, by direct debit from the subscriber's brokerage account or by electronic funds transfer or other similar payment mechanism. The entire Subscription Price for Common Shares subscribed for must be paid at the time of subscription and must be received by the Subscription Agent at the Subscription Office prior to the Expiration Time on the Expiration Date. Accordingly, a subscriber subscribing through a CDS Participant must deliver its payment and instructions sufficiently in advance of the Expiration Time to allow the CDS Participant to properly exercise the Rights on its behalf.

Payment of the Subscription Price will constitute a representation to the Corporation and, if applicable, to the CDS Participant, by the subscriber (including by its agents) that: (a) either the subscriber is not a citizen or resident of an Ineligible Jurisdiction or the subscriber is an Approved Eligible Holder; and (b) the subscriber is not purchasing the Common Shares for resale to any person who is a citizen or resident of an Ineligible Jurisdiction.

Additional Subscription Privilege

Each holder of Rights who has initially subscribed for all of the Common Shares to which he or she is entitled pursuant to the Basic Subscription Privilege may apply to purchase additional Common Shares, if available, at the price equal to the Subscription Price for each additional Common Share (collectively, the "**Additional Common Shares**").

The number of Additional Common Shares available for all additional subscriptions will be the difference, if any, between the total number of Common Shares issuable upon exercise of Rights and the total number of Common Shares subscribed and paid for pursuant to the Basic Subscription Privilege at the Expiration Date (the "**Additional Subscription Privilege**"). Application for Additional Common Shares will be received subject to allotment only and the number of Additional Common Shares, if any, which may be allotted to each applicant will be equal to the lesser of: (a) the number of Additional Common Shares which that applicant has subscribed for under the Additional Subscription Privilege; and (b) the product (disregarding fractions) obtained by multiplying the number of Additional Common Shares by a fraction, the numerator of which is the number of Rights exercised by that applicant under the Basic Subscription Privilege and the denominator of which is the aggregate number of Rights exercised under the Basic Subscription Privilege by holders of Rights that have subscribed for Additional Common Shares pursuant to the Additional Subscription Privilege. If any holder of Rights has subscribed for fewer Additional Common Shares than such holder's *pro rata* allotment of Additional Common Shares, the excess Additional Common Shares will be allotted in a similar manner among the holders who were allotted fewer Additional Common Shares than they subscribed for.

To apply for Additional Common Shares under the Additional Subscription Privilege, each holder of Rights must forward their request to the Subscription Agent at the Subscription Office or their CDS Participant, as applicable, prior to the Expiration Time on the Expiration Date. Payment for Additional Common Shares, in the same manner as required upon exercise of the Basic Subscription Privilege, must accompany the request when it is delivered to the Subscription Agent or a CDS Participant, as applicable. Any excess funds will be returned by mail by the Subscription Agent or credited to a subscriber's account with its CDS Participant, as applicable, without interest or deduction. Payment of such price must be received by the Subscription Agent prior to the Expiration Time on the Expiration Date, failing which the subscriber's entitlement to such Additional Common Shares will terminate. Accordingly, a subscriber subscribing through a CDS Participant must deliver its payment and instructions to its CDS Participant sufficiently in advance of the Expiration Time on the Expiration Date to allow the CDS Participant to properly exercise the Additional Subscription Privilege on its behalf.

Rights Certificate - Common Shares Held in Registered Form

For all Holders with an address of record in an Eligible Jurisdiction whose Common Shares are held in registered form, a Rights Certificate representing the total number of Rights to which each such Holder is entitled as at the Record Date and the number of Common Shares which may be obtained on exercise of those Rights will be mailed with a copy of this prospectus to each such Holder. In order to exercise the Rights represented by the Rights Certificate, such holder of Rights must complete and deliver the Rights Certificate in accordance with the instructions set out under the section "Details of the Offering - How to Complete the Rights Certificate". Rights not exercised by the Expiration Time on the Expiration Date will be void and of no value.

Rights Certificate - Common Shares Held Through CDS

For all Holders who hold their Common Shares through a securities broker or dealer, bank or trust company or other CDS Participant with an address of record in an Eligible Jurisdiction in the book based system administered by CDS, a global certificate representing the total number of Rights to which all such Holders as at the Record Date are entitled will be issued in registered form to CDS and will be deposited with CDS on the Commencement Date. The Corporation expects that each beneficial holder will receive a confirmation of the number of Rights issued to it from its CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS will be responsible for establishing and maintaining book-entry accounts for CDS Participants holding Rights.

Neither the Corporation nor the Subscription Agent will have any liability for: (a) the records maintained by CDS or CDS Participants relating to the Rights or the book-entry accounts maintained by them; (b) maintaining, supervising or reviewing any records relating to such Rights; or (c) any advice or representations made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or CDS Participants.

The ability of a person having an interest in Rights held through a CDS Participant to pledge such interest or otherwise take action with respect to such interest (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Holders who hold their Common Shares through a CDS Participant must arrange purchases or transfers of Rights through their CDS Participant. It is anticipated by the Corporation that each such purchaser of a Common Share or Right will receive a customer confirmation of issuance or purchase, as applicable, from the CDS Participant through which such Right is issued or such Common Share is purchased in accordance with the practices and policies of such CDS Participant.

How to Complete the Rights Certificate

1. Form 1 - Basic Subscription Privilege. The maximum number of Rights that may be exercised pursuant to the Basic Subscription Privilege is shown in the box on the upper right hand corner of the face of the Rights Certificate. Form 1 must be completed and signed to exercise all or some of the Rights represented by the Rights Certificate pursuant to the Basic Subscription Privilege. If

Form 1 is completed so as to exercise some but not all of the Rights represented by the Rights Certificate, the holder of the Rights Certificate will be deemed to have waived the unexercised balance of such Rights, unless the Subscription Agent is otherwise specifically advised by such holder at the time the Rights Certificate is surrendered that the Rights are to be transferred to a third party or are to be retained by the holder.

2. Form 2 - Additional Subscription Privilege. Complete and sign Form 2 on the Rights Certificate only if you also wish to participate in the Additional Subscription Privilege. See "Additional Subscription Privilege".

3. Form 3 - Transfer of Rights. Complete and sign Form 3 on the Rights Certificate only if you wish to transfer the Rights. Your signature must be guaranteed by a Schedule I bank, a major trust company in Canada, or a member of an acceptable Medallion Signature Guarantee Program, including STAMP, SEMP, and MSP. Members of STAMP are usually members of a recognized stock exchange in Canada or members of the Investment Industry Regulatory Organization of Canada. The guarantor must affix a stamp bearing the actual words "Signature Guaranteed." It is not necessary for a transferee to obtain a new Rights Certificate to exercise the Rights, but the signatures of the transferee on Forms 1 and 2 must correspond in every particular with the name of the transferee (or the bearer if no transferee is specified) as the absolute owner of the Rights Certificate for all purposes. If Form 3 is completed, the Subscription Agent will treat the transferee as the absolute owner of the Rights Certificate for all purposes and will not be affected by notice to the contrary.

4. Form 4 - Dividing or Combining. Complete and sign Form 4 on the Rights Certificate only if you wish to divide or combine the Rights Certificate, and surrender it to the Subscription Agent at the Subscription Office. Rights Certificates need not be endorsed if the new Rights Certificates are issued in the same name. The Subscription Agent will then issue a new Rights Certificate in such denominations (totalling the same number of Rights as represented by the Rights Certificates being divided or combined) as are required by the Rights Certificate holder. Rights Certificates must be surrendered for division or combination in sufficient time prior to the Expiration Time to permit the new Rights Certificates to be issued to and used by the Rights Certificate holder.

5. Payment. Enclose payment in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Corporation Company of Canada. The amount of payment will be $0.13 per Common Share. Payment must also be included for any Additional Common Shares subscribed for under the Additional Subscription Privilege.

6. Deposit. Deliver or mail the completed Rights Certificate and payment in the enclosed return envelope addressed to the Subscription Agent so that it is received by the Subscription Office listed above before the Expiration Time on the Expiration Date. If mailing, registered mail is recommended. Please allow sufficient time to avoid late delivery. The signature of the Rights Certificate holder must correspond in every particular with the name that appears on the face of the Rights Certificate.

Signatures by a trustee, executor, administrator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity should be accompanied by evidence of authority satisfactory to the Subscription Agent. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription will be determined by the Corporation in its sole discretion, and any determination by the Corporation will be final and binding on the Corporation and its security holders. Upon delivery or mailing of the completed Rights Certificate to the Subscription Agent, the exercise of the Rights and the subscription for Common Shares is irrevocable. The Corporation reserves the right to reject any subscription if it is not in proper form or if the acceptance thereof or the issuance of Common Shares pursuant thereto could be unlawful. The Corporation also reserves the right to waive any defect in respect of any particular subscription. Neither the Corporation nor the Subscription Agent is under any duty to give any notice of any defect or irregularity in any subscription, nor will they be liable for the failure to give any such notice. Any holder of Rights that fails to complete their subscription in accordance with the foregoing instructions prior to the Expiration Time on the Expiration Date will forfeit their Rights under the Basic Subscription Privilege and the Additional Subscription Privilege attaching to those Rights.

Undeliverable Rights

Rights Certificates returned to the Subscription Agent as undeliverable will not be sold by the Subscription Agent and no proceeds of sale will be credited to such holders.

Sale or Transfer of Rights

Holders of Rights in registered form in Canada may, instead of exercising their Rights to subscribe for Common Shares, sell or transfer their Rights to any person that is not an Ineligible Holder by completing Form 3 on the Rights Certificate and delivering the Rights Certificate to the transferee. See "How to Complete the Rights Certificate - 3. Form 3 - Transfer of Rights". A permitted transferee of the Rights of a registered holder of a Rights Certificate may exercise the Rights transferred to such permitted transferee without obtaining a new Rights Certificate. If a Rights Certificate is transferred in blank, the Corporation and the Subscription Agent may thereafter treat the bearer as the absolute owner of the Rights Certificate for all purposes and neither the Corporation nor the Subscription Agent will be affected by any notice to the contrary.

Rights may be transferred only in transactions outside of the United States in accordance with Regulation S under the 1933 Act. Regulation S does permit the resale of the Rights by persons through the facilities of the TSX, provided that the offer is not made to a person in the United States, neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, and no "directed selling efforts", as that term is defined in Regulation S, are conducted in the United States in connection with the resale. Certain additional conditions are applicable to the Corporation's "affiliates", as that term is defined under the 1933 Act. Holders of Rights through CDS Participants in Canada who wish to sell or transfer their Rights must do so in the same manner in which they sell or transfer Common Shares. See "Details of the Offering- Rights Certificate - Common Shares Held Through CDS".

Dividing or Combining Rights Certificates

A Rights Certificate may be divided, exchanged or combined. See "How to Complete the Rights Certificate - 4. Form 4 - Dividing or Combining".

Reservation of Shares

The Corporation will, at all times, reserve sufficient unissued Common Shares as will permit the exchange of all the outstanding Rights for Common Shares during the period beginning on the Commencement Date and ending on the Expiration Date at the Expiration Time.

Commitment to Exercise Rights

Concurrently with the Offering, the holders of the Corporation's Debentures have agreed to amend the terms of the Debentures and to partially convert such Debentures into an aggregate of 60,350,923 Common Shares. The closing of the Amendments will occur on or before the Record Date subject to certain closing conditions. Certain of the holders of Debentures have further agreed to exercise the Rights attached to all the Common Shares they hold as of the Record Date pursuant to their Basic Subscription Privileges and Additional Subscription Privileges to the fullest extent permitted by securities laws so as to ensure that ProSep receives gross proceeds from the Offering of no less than $4,840,000. The aggregate maximum investment that such holders have agreed to make is $5,440,000, in the event that ProSep receives gross proceeds from the Offering of at least $9,000,000. See "Transactions Occurring Concurrently With The Offering". There is otherwise no stand-by commitment to purchase the Common Shares issuable pursuant to the Rights.

Intention of Directors and Officers of the Corporation

Directors and members of the executive committee of ProSep who own Common Shares and receive Rights pursuant to the Offering have agreed to exercise Rights to acquire approximately 650,000 Common Shares under the Basic Subscription Privilege and the Additional Subscription Privileges.

Dilution to Existing Common Shareholders

If a Common Shareholder wishes to retain that holder's current percentage ownership in the Corporation (after giving effect to the Amendments) and assuming that all Rights are exercised, the Common Shareholder should fully exercise the Rights issued to that Common Shareholder under this Offering to subscribe for and purchase Common Shares. In addition to the potential dilution of the Amendments and the Offering (assuming exercise of all Rights in full) of 213% of all the issued and outstanding Common Shares as at June 16, 2009, if a Common Shareholder does not exercise the Rights issued to that Common Shareholder, or elects to sell or transfer those Rights, and other holders of Rights exercise any of their Rights, that holder's current percentage ownership in the Corporation will be diluted by the issue of Common Shares under this Offering.

INELIGIBLE HOLDERS

This Offering is made only in the Eligible Jurisdictions. Accordingly, a subscription under the Basic Subscription Privilege or under the Additional Subscription Privilege will only be accepted from any person, or such person's agent, who appears to be, or who the Corporation has reason to believe is an Ineligible Holder in certain circumstances if such Ineligible Holder is an Approved Eligible Holder.

Rights Certificates will not be issued and forwarded by the Corporation to Ineligible Holders who are not Approved Eligible Holders. Ineligible Holders will be presumed to be resident in the place of their registered address unless the contrary is shown to the satisfaction of the Corporation. Ineligible Holders will be sent the prospectus together with a letter advising them that their Rights Certificates will be issued to and held on their behalf by the Subscription Agent. The letter will also set out the conditions required to be met, and procedures that must be followed, by Ineligible Holders wishing to participate in the Offering. Rights Certificates in respect of Rights issued to Ineligible Holders will be issued to and held by the Subscription Agent as agent for the benefit of Ineligible Holders. The Subscription Agent will hold the Rights until 5:00 p.m. (Toronto time) on ●, 2009 in order to provide Ineligible Holders an opportunity to claim the Rights Certificate by satisfying the Corporation that the issue of Common Shares pursuant to the exercise of Rights will not be in violation of the laws of the applicable jurisdiction. Following such date, the Subscription Agent, for the account of registered Ineligible Holders, will, prior to the Expiration Time on the Expiration Date, attempt to sell the Rights of such registered Ineligible Holders represented by Rights Certificates in the possession of the Subscription Agent on such date or dates and at such price or prices as the Subscription Agent determines in its sole discretion.

Beneficial owners of Common Shares registered in the name of a resident of an Ineligible Jurisdiction, who are not themselves resident in an Ineligible Jurisdiction, who wish to be recognized as an Approved Eligible Holder and who believe that their Rights Certificates may have been delivered to the Subscription Agent, should contact the Subscription Agent at the earliest opportunity and in any case in advance of 5:00 p.m. (Toronto time) on ●, 2009 to request to have their Rights Certificates mailed to them.

The Rights and the Common Shares issuable on the exercise of the Rights have not been qualified for distribution in any Ineligible Jurisdiction and, accordingly, may only be offered, sold, acquired, exercised or transferred in transactions not prohibited by applicable laws in Ineligible Jurisdictions. Notwithstanding the foregoing, persons located in such Ineligible Jurisdictions may be able to exercise the Rights and purchase Common Shares provided that they furnish an investor letter satisfactory to the Corporation on or before ●, 2009. The form of investor letter will be included in the letter sent to holders in such Ineligible Jurisdictions. A holder of Rights in an Ineligible Jurisdiction holding on behalf of a person resident in an Eligible Jurisdiction may be able to exercise the Rights provided the holder certifies in the investor letter that the beneficial purchaser is resident in an Eligible

Jurisdiction and satisfies the Corporation that such subscription is lawful and in compliance with all securities and other applicable laws.

No charge will be made for the sale of Rights by the Subscription Agent except for a proportionate share of any brokerage commissions incurred by the Subscription Agent and the costs of or incurred by the Subscription Agent in connection with the sale of the Rights. Registered Ineligible Holders will not be entitled to instruct the Subscription Agent in respect of the price or the time at which the Rights are to be sold. The Subscription Agent will endeavour to effect sales of Rights on the open market and any proceeds received by the Subscription Agent with respect to the sale of Rights net of brokerage fees and costs incurred and, if applicable, the Canadian tax required to be withheld, will be divided on a pro rata basis among such registered Ineligible Holders and delivered by mailing cheques (in Canadian funds) of the Subscription Agent therefor as soon as practicable to such registered Ineligible Holders at their addresses recorded on the books of the Corporation. Amounts of less than $10.00 will not be remitted. The Subscription Agent will act in its capacity as agent of the registered Ineligible Holders on a reasonable efforts basis only and the Corporation and the Subscription Agent do not accept responsibility for the price obtained on the sale of, or the inability to sell, the Rights on behalf of any registered Ineligible Holder. Neither the Corporation nor the Subscription Agent will be subject to any liability for the failure to sell any Rights of registered Ineligible Holders or as a result of the sale of any Rights at a particular price or on a particular day. **There is a risk that the proceeds received from the sale of Rights will not exceed the costs of or incurred by the Subscription Agent in connection with the sale of such Rights and, if applicable, the Canadian tax required to be withheld. In such event, no proceeds will be remitted.**

CONSOLIDATED CAPITALIZATION

There have been no material changes in the Corporation's share and loan capital since December 31, 2008, the date of the Corporation's most recently completed annual period for which financial statements have been filed, except as set forth in the table below, both before and after giving effect to the Offering and the Amendments.

	31-Dec-08 Actual	**31-Mar-09 Actual (unaudited)**	**As at March 31, 2009 after the significant subsequent transactions and before giving effect to the Offering and the Amendments[(2)] As Adjusted (unaudited)**	**As at March 31, 2009 before giving effect to the Offering and after giving effect to the Amendments[(3)] As Adjusted (unaudited)**	**As at March 31, 2009 after giving effect to the Offering[(4)] and the Amendments[(5)] As Adjusted (unaudited)**
Short and Long Term Debt[(1)]					
Bank Credit Facilities	11,596	13,339	3,725	3,725	3,725
Current portion of long term debt	3,322	3,552	3,552	1,716	1,716
Long term debt	12,087	12,562	18,902	15,115	15,115
Total liabilities	27,006	29,453	26,179	20,556	20,556
Shareholders' Equity					
Share capital	55,489	55,489	55,489	66,441	76,134
Contributed Surplus	12,527	12,590	12,590	10,779	10,779
Deficit	(48,485)	(50,470)	(50,470)	(53,788)[(6)]	(53,788)
	19,531	17,609	17,609	23,432	33,125
Total Capitalization	46,537	47,062	43,788	43,988	53,681
Common shares outstanding	64,443	64,443	64,443	124,794	201,717

(1) All amounts in this table are in thousands.
(2) Adjusted to give effect to the following material subsequent events that have occurred since March 31, 2009: the refinancing on a long term basis of the National Bank's "ABCP" credit facility and the release of the restricted cash by DnB which has been used to repay a portion of the long term acquisition facility and the bank overdraft facility.
(3) Adjusted to give effect to the Amendments and a portion of the related interest payable pursuant to the Amendments described elsewhere in this prospectus, net of allocated estimated transaction costs of $469,000.
(4) Assuming exercise of all Rights in full.
(5) Adjusted to give effect to the receipt of proceeds of the Offering, net of allocated estimated transaction costs of $306,000.
(6) Includes the estimated aggregate net loss of $2,111,000 arising from the accounting for the settlements of debts pursuant to the Amendments and a net foreign exchange gain of $494,000 arising from the remeasurement of US dollar denominated the 2007 Debenture from a rate of 1.26 at March 31, 2009 to a rate of 1.1355 used to determine the number of Common Shares issued pursuant to the Amendments for the purposes of the preparation of this prospectus.

PRICE RANGE AND VOLUME OF TRADING

The following table sets forth the market price range and trading volume of the Common Shares on the TSX for the periods indicated.

Year		Price			
		High		Low	Volume
2008	May	0.45	$	0.32	2,890,400
	June	0.45	$	0.35	1,250,300
	July	0.40	$	0.26	1,467,000
	August	0.39	$	0.27	1,401,900
	September	0.33	$	0.23	1,301,600
	October	0.30	$	0.16	1,674,300
	November	0.20	$	0.10	1,562,500
	December	0.16	$	0.10	2,730,000
2009	January	0.17	$	0.11	1,501,200
	February	0.15	$	0.13	541,700
	March	0.27	$	0.13	2,193,700
	April	0.24	$	0.16	1,384,900
	May	0.36	$	0.19	1,822,100
	June 1 to 16	0.32	$	0.22	1,019,159

On June 16, 2009, the closing price of the Common Shares on the TSX was $ 0.22.

USE OF PROCEEDS

The approximate net proceeds to be derived by the Corporation from the subscription by the holders of Rights are estimated to be approximately $9,694,000 (assuming full subscription) after deduction of the estimated expenses of the Offering of $306,000. The Corporation will use the net proceeds of this Offering for general working capital purposes.

While the Corporation intends to use the net proceeds of the Offering as described above, it is not able to state any specific time period for the use of the net proceeds of the Offering. The use of the net proceeds of the Offering will be at the discretion of the management of ProSep.

Until utilized for these purposes, the net proceeds will be invested in short term investment grade securities or bank deposits.

PLAN OF DISTRIBUTION

Each holder of Common Shares on the Record Date will receive one Right for each Common Share held.

The Corporation has applied to list on the TSX the Rights and the Common Shares issuable upon the exercise of the Rights. Approval of such listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX. The offer and distribution of the Rights and the Common Shares issuable upon the exercise of the Rights is qualified in the Eligible Jurisdictions by this prospectus. The Rights as well as the Common Shares issuable upon the exercise of the Rights are not qualified under the securities laws of, or being distributed or offered in, any Ineligible Jurisdiction and, except under the circumstances described herein, Rights may not be exercised by or on behalf of an Ineligible Holder. This prospectus is not, and under no circumstances is to be construed as, an offering of any Rights or Common Shares for sale in any Ineligible Jurisdiction or a solicitation therein of an offer to buy any securities. Rights Certificates will not be sent to Holders with addresses of record in any Ineligible Jurisdiction. Instead, such Ineligible Holders will be sent a letter advising them that their Rights Certificates will be held by the Subscription Agent, who will hold such Rights as agent for the benefit of all such Ineligible Holders. See "Ineligible Holders".

The securities offered herein have not been and will not be registered under the 1933 Act, as amended and, subject to certain exceptions, may not be offered or sold in the United States. See "Ineligible Holders".

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel for the Corporation, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations arising in respect of the receipt and exercise of the Rights under the Offering. This summary is applicable only to holders of the Rights acquired pursuant to the Offering who, for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**") and at all relevant times, hold their Rights and Common Shares acquired on the exercise of the Rights as capital property, and who are not affiliated with, and deal at arm's length with, the Corporation. A Right or Common Share will generally be capital property to a holder unless it is held in the course of carrying on a business of trading in or dealing in securities, or it has been acquired in one or more transactions considered to be an adventure or concern in the nature of trade. Holders whose Common Shares do not otherwise qualify as capital property may in certain circumstances make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Common Shares and every "Canadian security" (as defined in the Tax Act) owned by such holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property.

This summary does not apply to a holder of the Rights that is a "financial institution" for purposes of section 142.2 of the Tax Act, a "specified financial institution" as defined for purposes of the Tax Act, a holder of the Rights who has made an election under the functional currency reporting rules contained in section 261 of the Tax Act, nor does it apply to a taxpayer an interest in which is a tax shelter investment for the purposes of the Tax Act. Such holders of the Rights should consult their own tax advisors. Such holders should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act announced by or on behalf of the Minister of Finance (Canada) before the date of this prospectus ("**Tax Proposals**"), and the current published administrative practices of the Canada Revenue Agency. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate any changes in law, whether by legislative, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder of the Rights. Accordingly, holders of the Rights are urged to

consult their own tax advisors about the specific income tax considerations applicable to them having regard to their particular circumstances.

Residents of Canada

The following summary is generally applicable to a holder of the Rights who, at all relevant times for purposes of the Tax Act, is or is deemed to be resident in Canada.

Acquisition of Rights

A Common Shareholder who acquire the Rights pursuant to this Offering should not be required to include the value of such Rights in computing the holder's income for purposes of the Tax Act.

Disposition of Rights

A holder who disposes of or is deemed to dispose of a Right (otherwise than by exercise of the Right) will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Right, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Right to the holder. The Rights received by a Common Shareholder pursuant to this Offering will have an adjusted cost base of nil. The cost of the Rights acquired by a holder otherwise than pursuant to this Offering will be averaged with the adjusted cost base of all other Rights held by that holder as capital property at that time for the purposes of determining the adjusted cost base to that holder of each Right so held. The tax treatment of any capital gain (or capital loss) realized on the disposition of a Right (otherwise than by the exercise of a Right) is the same as described below under "Treatment of Capital Gains and Capital Losses".

Exercise of Rights

The exercise of a Right will not be a disposition for purposes of the Tax Act, with the result that no gain or loss will be realized by a holder upon the exercise of a Right. The adjusted cost base, if any, of the Right so exercised will be added in computing the cost of the Common Share acquired upon the exercise of the Right.

Expiry of Rights

The expiry of an unexercised Right will result in a capital loss to the holder equal to the adjusted cost base, if any, of the Right immediately before its expiry. Any such capital loss will be subject to the treatment described below under "Treatment of Capital Gains and Capital Losses".

Common Shares

A Common Share acquired on the exercise of a Right will have a cost equal to the aggregate of the Subscription Price paid for such Common Share and the adjusted cost base to the holder of the Rights so exercised, if any. For the purposes of determining the adjusted cost base of each Common Share held by a holder, the cost of a Common Share acquired on the exercise of the Rights must be averaged with the cost of all other Common Shares held by that holder as capital property at that time.

Dividends received or deemed to be received on Common Shares by an individual will be included in computing the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by an individual from a taxable Canadian corporation. Dividends received or deemed to be received on Common Shares by a corporation will be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation. A corporation which is a private corporation or a subject corporation for purposes of the Tax Act may be liable to pay a refundable tax of 33 1/3% on dividends received or deemed to be received to the extent such dividends are deductible in computing the corporation's taxable income.

Disposition of Common Shares

On a disposition or a deemed disposition of a Common Share, a holder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Common Share to the holder. The tax treatment of any such capital gain (or capital loss) is the same as described below under "Treatment of Capital Gains and Capital Losses".

Treatment of Capital Gains and Capital Losses

Under the Tax Act, one-half of any capital gain (or capital loss) realized by a holder of the Rights is a "taxable capital gain" (or an "allowable capital loss"). A taxable capital gain must be included in the holder's income. Subject to and in accordance with the provisions of the Tax Act, allowable capital losses must generally be deducted from taxable capital gains of the holder in the year in which such allowance capital losses are realized. Allowable capital losses in excess of taxable capital gains may ordinarily be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against taxable capital gains realized in such years to the extent and in the circumstances prescribed in the Tax Act.

A holder of the Rights that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on any taxable capital gains. Capital gains realized by individuals or certain trusts may give rise to a liability for alternative minimum tax.

Non-Residents of Canada

The following summary is generally applicable to a holder of the Rights who, at all relevant times for purposes of the Tax Act, is neither resident nor deemed to be resident in Canada (including as a consequence of an applicable tax treaty or convention) and does not use or hold, and is not deemed to use or hold the Rights or Common Shares in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules which are not discussed in this summary, may apply to a non-resident insurer carrying on business in Canada and elsewhere.

Acquisition of Rights

Non-Resident Holders should not be subject to Canadian federal income tax in request of the acquisition of rights under this Offering.

Disposition of Rights or Common Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition (including a disposition by the Subscription Agent on behalf of Ineligible Holders) of the Rights or Common Shares acquired on the exercise of the Rights unless the Rights or Common Shares disposed of constitute "taxable Canadian property" of the Non-Resident Holder within the meaning of the Tax Act and the Non-Resident Holder is not entitled to relief under an applicable tax treaty or convention. So long as Common Shares are listed on a designated stock exchanged (which includes the TSX), the Rights or Common Shares will generally not constitute taxable Canadian property to a Non-Resident Holder provided that the Non-Resident Holder, alone or together with persons with whom he does not deal at arm's length, has not owned 25% or more of the issued shares of any class or series of a class of the Corporation at any time during the 60-month period immediately preceding the time of disposition.

Non-resident holders for whom the Rights or Common Shares may constitute taxable Canadian property and for whom relief is not available under an applicable tax treaty between Canada and the Non-Resident Holder's country or residence are referred to the discussion above under the headings "Residents of Canada – Disposition of Rights or Common Shares" and "Treatment of Capital Gains and Capital Losses".

Dividends on Common Shares received by a Non-Resident Holder will be subject to a non-resident withholding tax under the Tax Act at a rate of 25% subject to reduction under the provisions of an applicable tax treaty or convention.

Non-Resident Holders should be aware that the acquisition and disposition of the Rights or Common Shares may have tax consequences in the jurisdiction where they reside not described herein. Accordingly, such holders should consult their own tax advisers about the specific tax consequences of acquiring, holding and disposing of the Right or Common Shares applicable in their country of residence.

ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, provided that the Common Shares are listed on a designated stock exchange (which includes the TSX), the Rights and Common Shares issuable on the exercise of the Rights, if issued on the date hereof, would be qualified investments under the Tax Act and the Regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans and tax-free savings accounts (a "**TFSA**"). Provided that a holder of a TFSA does not hold a "significant interest" (as defined in the Tax Act) in the Corporation or any person or partnership that does not deal at arm's length with the Corporation, and provided that such holder deals at arm's length with the Corporation, the Rights and Common Shares will not be prohibited investment for a trust governed by such TFSA.

DESCRIPTION OF COMMON SHARES

The Corporation is authorized to issue an unlimited number of Common Shares, of which 64,443,451 were issued and outstanding as at June 16, 2009. Fractions of Common Shares may be issued (other than in connection with this Offering) which will have the same rights, restrictions, conditions and limitations attaching to whole Common Shares in the proportion which they bear to a whole Common Share, except fractional Common Shares will not have the right to vote.

Each Common Share entitles the holder to the same rights and obligations as a holder of any other Common Share and no holder of Common Shares is entitled to any privilege, priority or preference in relation to any other holder of Common Shares. Each holder of Common Shares is entitled to one vote for each Common Share held and is entitled to participate equally with respect to any and all distributions made by the Corporation, including distributions of net income and net realized capital gains, if any. On termination or liquidation of the Corporation, the holders of outstanding Common Shares of record are entitled to receive on a *pro rata* basis all of the assets of the Corporation remaining after payment of all debts, liabilities and liquidation expenses of the Corporation.

PRIOR SALES

On October 31, 2008, the Corporation issued 1,866,885 Common Shares in payment of $344,440.30 of interest due on that date under the 2008 Debentures, representing $67.67 per debenture.

RISK FACTORS

An investment in the Rights and the Common Shares issuable upon exercise of the Rights is subject to a number of risks. A prospective purchaser of such securities should carefully consider the information and risks faced by the Corporation described in this prospectus and the documents incorporated by reference including without limitation the risk factors set out under the heading "Risk Factors" in the AIF.

Dilution

In addition to the dilution of the Amendments of 94% of all the issued and outstanding Common Shares as at June 16, 2009, if a holder of Common Shares does not exercise all of its Rights pursuant to the Basic Subscription Privilege, the holder's current percentage ownership in the Corporation will be diluted by the issuance of Common Shares upon the exercise of Rights by other holders.

Trading Market for Rights

Although the Corporation expects that the Rights will be listed on the TSX, the Corporation cannot provide any assurance that an active or any trading market in the Rights will develop or that Rights can be sold on the TSX at any time.

The Market Price of Securities of the Corporation May Be Subject to Significant Fluctuations Which May be Based on Factors Unrelated to its Financial Performance or Prospects.

The trading price of the securities of the Corporation have been and may continue to be subject to significant fluctuations which may be based on factors unrelated to its financial performance or prospects. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries.

Additional Financing Requirements and Access to Capital

ProSep may require additional capital to pursue further research and development and sales and marketing efforts for its products. ProSep may from time to time raise additional funds through public or private financing or obtain financing from other sources. Additional funding may not be available on terms which are acceptable to ProSep, or at all. If adequate funding is not available on reasonable terms, ProSep may need to delay, reduce or eliminate our research and development and sales and marketing efforts or obtain funds on terms less favourable than it would otherwise accept. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of those securities will result in dilution to Common Shareholders. Moreover, the incurrence of debt financing could result in a substantial portion of ProSep's operating cash flow being dedicated to the payment of principal and interest on such indebtedness and could impose restrictions on ProSep's operations. This could render us more vulnerable to competitive pressures and economic downturns. Any debt financing ProSep enters into may involve covenants that restrict ProSep's operations. These restrictive covenants, which may include limitations on borrowing, specific restrictions on the use of ProSep's assets as well as prohibitions on ProSep's ability to create liens, pay dividends, redeem capital stock or make investments, could adversely affect ProSep's business, financial condition and results of operations.

Increased Indebtedness

ProSep's ability to meet its cash requirements, including its debt service obligations, is dependent upon its ability to substantially improve its operating performance, which is subject to general economic and competitive conditions and to financial, business and other factors affecting its operations, many of which are or may be beyond its control. In addition, some of these debt service obligations have interest payments that are subject to variable interest rates and are therefore dependent upon future interest rates which are beyond its control. ProSep cannot provide assurance that its business will generate sufficient cash flows from operations to fund these cash requirements and debt service obligations. If its operating results, cash flow or capital resources prove inadequate, or if interest rates increase significantly, ProSep could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt and other obligations. If ProSep is unable to service its debt, it could be forced to reduce or delay planned expansions and capital expenditures, sell assets, restructure or refinance its debt or seek additional equity capital, and ProSep may be unable to take any of these actions on satisfactory terms or in a timely manner. Further, any of these actions may not be sufficient to allow ProSep to service its debt obligations or may have an adverse impact on its business. ProSep's existing debt agreements limit its ability to take certain of these actions. ProSep's failure to generate sufficient operating cash flow to pay its debts or to successfully undertake any of these actions could have a material adverse effect on ProSep.

Recession Risk

ProSep's activities depend on conditions in the oil and gas industry. The global economic environment affects demand for oil and gas, thus affecting the price of these commodities and, in turn, the industry's willingness to invest in exploration and development of capital expenditure ("**CAPEX**"), including for the types of process equipment and services provided by the Corporation. Any substantial reduction in demand for oil and gas as a result of a global recession, accompanied by lower prices and reductions in CAPEX programs, could therefore negatively impact the Corporation's business.

Potential Goodwill Impairment

The Corporation evaluates the carrying amount of goodwill annually, or more frequently if events or changes in circumstances indicate impairment. The Amendments and the Offering may, among other factors, provide updated indications of the fair value of the Corporation and of its reporting units. Depending on such, the reporting of the Corporation's future quarterly results could be subject to the performance of interim impairment goodwill testing, which may, in turn, require the recording of charges that could be material. Such charges would have the effect of reducing the Corporation's net earnings and shareholders' equity.

Use of Proceeds

Management will have broad discretion concerning the use of the proceeds of this Offering as well as the timing of their expenditure. As a result, investors will be relying on the judgment of management for the application of the proceeds of this Offering. Management may use the net proceeds of this Offering in ways that investors may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain.

Dividends

ProSep has never declared or paid any dividends on its Common Shares. ProSep currently intends to retain any future earnings, if any, to finance further expansion of its business. As a result, the return on an investment in Rights to purchase Common Shares will depend upon any future appreciation in value. There is no guarantee that the Common Shares will appreciate in value or even maintain the price at which investors have purchased their Common Shares.

OWNERSHIP OF SECURITIES

To the knowledge of the Corporation, other than CDS, as at June 16, 2009 no person owns, beneficially or on record, either directly or indirectly, or exercises control or direction, over more than 10% of the outstanding Common Shares. Following the Amendments and the Offering (assuming exercise of all Rights), ProSep will have 201,717,451 Common Shares issued and outstanding. Assuming exercise of all Rights under the Offering, the share ownership of FondAction will increase from 4.4% up to 21.7% of all the issued and outstanding Common Shares. The directors and officers of the Corporation, as a group, beneficially owned, directly or indirectly, 1,057,608 Common Shares, representing approximately 1.6% of the issued and outstanding Common Shares as of June 16, 2009.

MATERIAL CHANGES OF OWNERSHIP

There have been no issuances and, to the best of the knowledge and belief of the Corporation, there have been no transfers, of Common Shares since December 31, 2008 that have materially affected control of the Corporation.

AUDITORS

The independent auditors of the Corporation are Raymond Chabot Grant Thornton LLP, Chartered Accountants, Tour de la Banque Nationale, 600 de la Gauchetière Street West, Suite 2000, Montreal, Québec, H3B 4L8.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada will keep at its principal office in the City of Montreal a register of holders of the Common Shares and at its principal offices in the cities of Montreal and Toronto a register of transfers of Common Shares.

LEGAL MATTERS AND INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Stikeman Elliott LLP on behalf of the Corporation.

As of the date hereof, the partners and associates of Stikeman Elliott LLP as a group beneficially owned, directly or indirectly, less than 1% of the outstanding Common Shares of the Corporation or debt securities of the Corporation. Raymond Chabot Grant Thornton LLP, Chartered Accountants, has confirmed to the Corporation that it is independent within the meaning of the Rules of Professional Conduct of the *Ordre des comptables agréés du Québec*. These rules are equivalent or similar to Rules of Professional Conduct applicable to chartered accountants in the other provinces of Canada.

STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form prospectus of ProSep Inc. (the "**Corporation**") dated June ●, 2009 (the "**Prospectus**") qualifying the distribution and issue of rights to subscribe for and purchase from the Corporation an aggregate of up to 76,923,077 common shares. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference, in the Prospectus of our report dated March 3, 2009 to the shareholders of the Corporation on the consolidated balance sheets as at December 31, 2008 and 2007 and on the consolidated statements of loss and comprehensive loss, deficit, contributed surplus and cash flows for the year ended December 31, 2008 and the six-month period ended December 31, 2007.

Raymond Chabot Grant Thornton LLP
Chartered Accountants

Montreal, Canada
●, 2009

AUDITORS' CONSENT

We have read the short form prospectus of ProSep Inc. (the "**Corporation**") dated June ●, 2009 (the "**Prospectus**") qualifying the distribution and issue of rights to subscribe for and purchase from the Corporation an aggregate of up to 76,923,077 common shares. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference, in the Prospectus of our report dated August 7, 2007 to the shareholders of the Corporation on the consolidated balance sheets as at June 30, 2007 and on the consolidated statements of loss and deficit, and cash flows for the year then ended.

Deloitte & Touche LLP
Chartered Accountants

Montreal, Canada
●, 2009

CERTIFICATE OF THE ISSUER

Dated: June 17, 2009

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Québec, Ontario, Alberta and British Columbia.

PROSEP INC.

By:	(Signed) Jacques L. Drouin Chief Executive Officer	By:	(Signed) Patrice Daignault Chief Financial Officer

On behalf of the Board of Directors of
PROSEP INC.

By:	(Signed) Anthony Rustin Director	By:	(Signed) David Laidley Director