ProSep Inc.

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PROSEP REPORTS 2009 THIRD QUARTER FINANCIAL RESULTS

MONTREAL, QUEBEC – November 12, 2009 - ProSep Inc. (TSX: PRP), dedicated to providing process solutions to the oil and gas industry, today announced its financial results for the three and nine-month periods ended September 30, 2009. All amounts are reported in Canadian dollars unless otherwise stated.

Selected highlights of the quarter and subsequent events

- Strengthened financial position and provided additional liquidities by converting $8 million of principal amount of indebtedness into equity and subsequently completed a $5 million rights offering to shareholders.
- Announced a $13 million gas separation package supply agreement for Ecopetrol.
- Announced three contracts totalling $1 million to supply proprietary technologies for BP, Conoco Phillips and Maersk.
- Ranked Deloitte's fastest growing technology company in Canada, twelfth in North America and received the coveted Leadership and Green Technology awards.
- As of October 1, 2009, sales backlog stood at $22 million.

Financial Highlights

- Recorded revenues of $9.2 million, a decrease of 27% from $12.6 million during the corresponding period of 2008. Year-to-date, revenues are $31.7 million, a 14% decrease from $36.8 million during the corresponding period in 2008.
- Reported gross margin of $2.7 million (29% of revenues) compared with $4.1 million (33%) for the corresponding period of 2008. Year-to-date, gross margins are $9.6 million (30%) compared with $10.4 (28%) of revenues for the corresponding period of 2008.
- Generated negative EBITDA of $0.6 million compared to a positive $1.3 million for the corresponding quarter of 2008. Year-to-date, EBITDA stands at negative $0.3 million compared to negative $2.2 million in 2008.
- Recorded net loss of $3.4 million or $(0.03) per share (of which $2.1 million or $0.02 per share is a non-recurring and non-cash charge) for the quarter compared with a net income of $1.8 million or $0.03 per share for the corresponding period of 2008. Including the $6.5 million impairment charge taken during Q2-09, year-to-date net loss stands at $12.6 million or $(0.14) per share compared to net loss of $1.7 million or $(0.03) per share for the corresponding period in 2008.

"During the quarter, we were successful at strengthening our backlog and successfully completed a thorough financial reorganization. ProSep's balance sheet is now in a much better situation presenting a significantly lower debt level and more equity. During the quarter, we also succeeded in signing with a new South American customer one of our largest gas treating system contracts. These recent successes combined with increased activity in the oil and gas industry lead me to remain cautiously optimistic looking into 2010," said Jacques L. Drouin, President & CEO of ProSep Inc. "As predicted, the second half of 2009 will remain a challenge, however, as we rebound from our recent lows, we expect a slow but sustained recovery into 2010. For the second half of next year, several promising opportunities in the field of crude oil and produced water treatment lead me to believe that the pace of recovery could even improve".

"ProSep will to continue controlling its operating costs. Even though we are not planning for any significant cost reductions, we will carefully time our organic growth investment plans so we take advantage of the recovery," said Jacques L. Drouin, President & CEO. We are currently entertaining several promising projects. Several of our proprietary new technologies continue their successful qualification process, including very promising preliminary results on the TORR systems installed in Kuwait, and we are bidding on projects to deliver much larger process equipment modules", added Mr. Drouin. "ProSep enters 2010 with a much better balance sheet and a portfolio of very promising opportunities."

Financial Results
Selected Financial Highlights

000s	Quarter ended September 30		Nine-months ended September 30	
	2009	2008	2009	2008
Revenue	$9,186	$12,548	$31,689	$36,806
Gross margin	$2,662	$4,149	$9,596	$10,418
Gross margin percentage of sales	29%	33%	30%	28%
EBITDA*	($633)	$1,314	($307)	$2,250
EBITDA percentage of sales	(7%)	10%	(1%)	6%
Non-GAAP adjusted net profit (loss) excluding goodwill impairment	($3,440)	$1,848	($6,073)	($1,652)
Net profit (loss)	($3,440)	$1,848	($12,573)	($1,652)
Basic and diluted profit (loss) per share	($0.03)	$0.03	($0.14)	($0.03)
Weighted average number of shares (basic and diluted)	130,840,835	62,556,566	86,819,126	62,556,566
As at:	September 30, 2009		December 31, 2008	
Working capital	$7,120		($6,256)	
Total Assets	$52,039		$69,496	
Long-term liabilities	$16,592		$13,495	
Shareholder equity	$19,270		$19,531	

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

For the *three-month* period ended September 30, 2009 ProSep reported revenues of $9,186,352, a 27% decrease from $12,547,837 during the previous year. The Company's US operations reported Q3-09 sales of $5,827,616 compared to $10,960,215 for the corresponding period of 2008, a decrease of 52%. Europe & Middle-East operations reported revenues of $839,252 in Q3-09, a 29% decrease from $1,178,563 in Q3-08. The Company continues to see encouraging results from its Asian business with revenues of $2,203,532 in Q3-09, a 456% increase over the corresponding quarter of last year. *Year-to-date*, ProSep reported revenues of $31,689,103 down 14% from $36,805,714 reported during the same period of 2008. The American business unit reported sales of $21,058,141 compared to $31,721,605, down 34% from the corresponding period of 2008. Europe & Middle-East operations reported revenues of $3,091,789, down 24% from $4,067,705 reported during the same period in 2008. Year-to-date, Asia Pacific operations reported strong revenue growth up 341% from $1,641,154 during the nine-month period in 2008 to $7,230,887. Revenues from this entity now represent about 23% of the Company's consolidated year-to-date revenues compared to a contribution of less than 5% in 2008. Overall, reduced revenue are the American and European business units is a consequence of global reductions in investments in Oil and Gas expenditure programs causing potential projects to be postponed and increased competition.

For the *three-month* period ended September 30, 2009 gross margins were $2,662,404 or 29% of revenues compared to $4,148,720 or 33% of revenues for Q3-08. In 2008, a warranty provision of $1,280,471 was reversed explaining that year's higher gross margin. *Year-to-date*, gross margins represented 30% of revenues or $9,595,524 and include non recurring savings in project commissioning, lower contract completion costs and higher labour components in the contract mix during the period. This compares to a 28% or $10,418,085 margins recorded for the corresponding nine month period in 2008. Gross margins as a percentage of revenues at the American operations improved for both the three and nine month periods. Q3-09 margins were 26% compared to Q3-08 margins of 24%. Year-to-date, margins stood at 28% for 2009 compared to 23% for the same period last year. Improvements largely relate to savings that occurred during project commissioning. Gross margins at the European & Middle-East operations were 79% for Q3-09, down from the unusual 123% reported in the corresponding quarter of 2008 that resulted from the provision reversal. Excluding this reversal, the Q3-08 adjusted margins would have stood at 15%. Year-to-date, gross margins at this business unit were 63% compared to 64% (32% excluding the warranty provision reversal). Gross margins as a percentage of revenues at the Asia Pacific operations were 21% for the third quarter of 2009, compared to 5% for the corresponding quarter of 2008 and 23% year-to-date, up from 15% for the corresponding period of the previous year. Gross margin improvements reflect the higher level of sales allowing this business unit to capture operational synergies.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) were ($632,693) for the three-month period ended September 30, 2009 compared with $1,313,784 for the same period in 2008. *Year-to-date,* EBITDA stood at ($306,936) in 2009 compared to $2,249,620 in 2008. Lower sales and increased expenses to support the expansion of the South-East Asian operations and expanded product offering explain the difference. The reversal of $1,280,471 in warranty provisions in 2008 also explains the difference.

Sales & marketing expenses were $539,185 or 6% of revenues for Q3-09 compared to $491,551 or 4% for Q3-08. This increase occurred mainly at the American operations to support the introduction of a new conventional produced water line and increased resources needed to support the higher level of quotations. Year-to-date, sales & marketing expenses were $1,644,836 (5% of revenue) compared to $1,481,606 (4% of revenue).

General & administrative expenses were $2,660,772 for Q3-09 compared to $1,989,463 for Q3-08. Year-to-date, G&A expenses were $7,861,851 compared to $5,765,154 for the corresponding period of 2008. The new 55,000 square feet fabrication and assembly facility, higher US conversion rate, increased presence in Bahrain and additional resources needed to support growing operations in Asia explain this variance.

Research and development expenses decreased to $95,140 in Q3-09 from $353,922 in Q3-08. Year-to-date, R&D expenses were $395,773 compared with $921,705 during the previous year. Reductions in these expenses reflect a higher allocation of R&D resources to projects conducted in collaboration with industry partners.

The Company reported a net loss of $3,440,258 or ($0.03) per share for Q3-09 compared to a net loss of $1,847,544 or ($0.03) per share for Q3-08. Lower sales, increased expenses to support new product lines and increased activity at some business units including a loss of $2,076,964 on a financial instrument resulting from the debt conversion explain the variance. The reversed warranty provision in 2008 also explains the comparative increase in losses. Year-to-date, net loss was $12,972,626 or ($0.14) per share compared to $1,652,392 or ($0.03) per share for the corresponding period in 2008. This increase is largely attributable to the $6,500,000 write-down of goodwill recorded in Q2 09 and this quarter's loss of $2,076,964 on a financial instrument.

Basic and diluted earnings (loss) per share were calculated using the weighted-average number of Common Shares outstanding during the period of 130,840,835 shares and by using 62,556,566 in 2008. At September 30, 2009, ProSep held cash and cash equivalents of $2,680,662 compared with $7,615,119 as at December 31, 2008.

Balance Sheet Restructuring and Rights Offering

During the quarter, ProSep concluded its balance sheet restructuring plan and provided additional liquidities. On July 16, 2009, the Company concluded the conversion of outstanding debentures whereby $7,845,620 of indebtedness was converted into Common Shares. As a result, the Company issued 60,350,923 Common Shares. Concurrently with the amendment and conversion of the debentures, the Company filed on July 17, 2009, a final short form prospectus for a proposed Rights Offering to shareholders which closed on August 24, 2009, for total gross proceeds of $5 million. As a result, the Company issued 38,461,538 Common Shares for a total of 163,255,912 Common Shares issued and outstanding.

Resignation of a Member of the Board of Directors

For personal reasons, Mr. Bruno Ducharme has resigned from ProSep Inc.'s Board of Directors, a position he has held since April 2008. The Board of Directors has since initiated the recruitment process.

Regulatory Filings

ProSep filed its quarterly consolidated financial statements for the three and nine-month periods ending September 30, 2009 and related management discussion and analysis with securities regulatory authorities. The material will be available through SEDAR at www.sedar.com and on the Company's website, www.prosepinc.com.

Conference Call and Webcast Details

ProSep will host a conference call and webcast on Thursday, November 12, 2009 at 8:30 a.m. (ET) to discuss its 2009 third quarter and nine-month financial results. To access the conference call by telephone, dial 1-416-981-9000 or 1-800-941-1366. A live audio webcast of the conference call will also be available through www.prosepinc.com under the calendar of events in the news and investor center and on www.marketwire.com. For the audio replay, dial 1-416-626-4100 or 1-800 558-5253 with the reservation code # 21442532. Please connect approximately 15 minutes prior to the beginning of the call to ensure participation.

About ProSep Inc.

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

Caution concerning forward-looking statements

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

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