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PROSEP REPORTS 2010 FIRST QUARTER FINANCIAL RESULTS

MONTREAL, QUEBEC – May 13, 2010 - ProSep Inc. (TSX: PRP), dedicated to providing process solutions to the oil and gas industry, today announced its financial results for the three-month period ended March 31, 2010. All amounts are reported in Canadian dollars unless otherwise stated.

Selected highlights of the quarter and subsequent events:

Financial:

- Recorded revenues of \$9.4 million, a decrease of 29% when compared to \$13.2 million for the corresponding period of 2009.
- Generated gross margin of \$2.6 million (27% of revenues) compared to \$3.2 million (24% of revenues) for the corresponding period of 2009.
- Recorded net loss of \$1.3 million compared with a net loss of \$2 million for the corresponding period of 2009.
- Concluded a \$2.7M equity financing to support working capital requirements
- Obtained an additional \$3 million short-term credit facility to finance temporary working capital requirements.

Operational:

- Announced approximately \$11.6 million in new contracts during the quarter to supply process equipment to large national and international oil and gas producers.
- Announced its proprietary technology will be used at an important large-scale carbon capture testing facility owned by Statoil, Norske Shell and Gassnova.
- Sales backlog stood at \$ 11.3 million at April 1, 2010.
- Announced in May the sale of an offshore water treatment solution to be installed on a Pemex Platform in the Gulf of Mexico.

“Our first quarter revenues reflect lower order intake levels experienced in the second half of last year. Encouragingly, oil and gas capital expenditure spending has picked-up since the start of 2010 and we are experiencing a significant increase in the level of quotations and are currently entertaining many promising proposals. We believe that our backlog should significantly improve in the latter half of this year and into 2011,” said Jacques L. Drouin, President and CEO.

“As we enter a new economic cycle, ProSep faces strong competition. While continuing to focus on managing our costs, our objective is to accelerate the commercialization of our proprietary technologies in growing markets where we have a stronger competitive advantage such as produced water markets in the Gulf of Mexico, Middle East and South East Asia.”

Selected Financial Highlights

000s	Quarter ended March 31	
	2010	2009
Revenue	\$9,408	\$13,187
Gross margin	\$2,578	\$3,217
Gross margin percentage of sales	27%	24%
EBITDA*	(\$676)	(\$148)
Net loss	(\$1,305)	(\$1,985)
Basic and diluted loss per share	(\$0.01)	(\$0.03)
Weighted average number of shares (basic and diluted)	163,256	64,443
As at:	March 31, 2010	December 31, 2009
Working capital	\$3,723	\$4,743
Total Assets	\$50,459	\$53,395
Long-term debt	\$11,388	\$11,689
Shareholder equity	\$18,775	\$19,963

*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.

Financial Results

Revenues

For the three-month period ended March 31, 2010, ProSep reported revenues of \$9.4 million, a 29% decrease from \$13.2 million recorded during the quarter ended March 31, 2009. Affected by residual weakness in upstream capital expenditure programs, delays in contracts as well as unfavourable exchange rates, the Company's US and Asia Pacific operations reported negative revenue growth during the quarter, offsetting a positive performance at European and Middle East operations.

ProSep's *US operations* generated revenues of \$5.6 million during the quarter ended March 31, 2010, a decrease of 44% from \$10 million reported in 2009. Lower sales levels are explained by lower order intake and unfavourable US currency exchange rate that affected revenues by \$1.2 million. *European and Middle East operations* reported revenues of \$2.2 million during the first quarter of 2010, an increase of 90% over revenues of \$1.2 million reported in the corresponding period of 2009. This increase is explained by the \$3.6 million order for a proprietary CTour produced water treatment for a water treatment system for an offshore redevelopment project located on the Norwegian Continental Shelf. *Asia Pacific operations'* revenues for the first quarter of 2010 were \$1.6 million, a decrease of 28% when compared to \$2.2 million in 2009. Delays in contract completion of fuel gas packages partly related to changes in orders and requisitioning has limited the operation's ability to recognize more revenues in the quarter. However, CAPEX programs remain strong in the region fuelled by National Oil Companies which are looking to mitigate overall declining oil production and bolster gas reserves and production.

Gross Margins

Fuelled by the European and Middle East operations which are focusing on the Company's proprietary product offering, ProSep reported a first quarter 2010 consolidated gross margin of 27% at \$2.6 million compared to 24% of revenues or \$3.2 million for the corresponding period ended March 31, 2009.

In line with a reduction in revenues, *US Operations* reported a lower gross margin of \$1.2 million or 22% of revenues, compared to \$2.3 million or 23% of revenues for the same period in 2009. *European & Middle East operations* contributed positively to the consolidated first quarter 2010 gross margin with \$1.3 million or 57% of revenues, compared to \$0.3 million or 28% during the corresponding quarter of 2009. Improved margins in the recent quarter result from the sale of a large proprietary system. *Asia Pacific operations* reported first quarter 2010 gross margin of \$0.1 million or 7% compared to \$0.6 million or 27% during the corresponding quarter of 2009. This year's unusual low gross margin is solely related to extra costs related to changes in orders and requirements for specific parts. Excluding these additional costs, the Asia Pacific operations 2010 first quarter margin would have been in the 20% range, a better reflection of gross margin levels on current contracts.

EBITDA

EBITDA stood at negative \$0.67 million for the three-month period ended March 31, 2010 compared to negative \$0.14 million for the same period in 2009. As total operating expenses remained relatively stable at \$3.2 million compared to \$3.4 million, the variation in EBITDA of \$0.5 million is largely attributable to lower consolidated revenues and unplanned extra costs in the Asia Pacific operations.

Net Loss

The Company reported a net loss of \$1.3 million (\$0.01 per share) for the three-month period ended March 31, 2010 compared to a net loss of \$2.0 million (\$0.03 per share) for the corresponding period of 2009. Reduced net loss in the context of lower overall revenues and EBITDA is attributable to lower net financial charges pursuant to the balance sheet restructuring initiative completed in the third quarter of 2009. This transaction reduced the Company's debt levels by almost \$8 million.

Basic and diluted loss per share were calculated using the weighted-average number of common shares outstanding during the period: 163,255,910 shares for the first quarter ended March 2010 and 64,443,451 shares for the corresponding quarter of 2009.

Additional Short Term Credit Facility

In order to provide additional liquidities to fund temporary working capital requirements, the Company's Norwegian bank DnB NOR agreed to increase the existing credit facility by \$3 million (18 million NOK). The agreement expires July 31, 2010. The extension of the facility was established to fund temporary working capital requirements related to a large ongoing project. Combined with the recently announced equity financing, Management believes that the Company has sufficient working capital to fund its projected organic growth.

QSSP II Eligibility

ProSep's common shares now qualify as valid securities under the Quebec Stock Savings Plan (QSSP II). This plan, created in March 2009, provides tax benefits to individual investors in the amount of 150% of the amount invested. Individual investors already invested in this program can now purchase ProSep's common shares on the secondary market while retaining their tax benefits under this program.

Conference Call and Webcast Details

ProSep will host a conference call and webcast on Thursday, May 13, 2010 at 8:00 a.m. (EST) to review the financial results and highlights of the quarter. To access the conference call by telephone, dial 1-416-981-9000 or 1-800-906-5924. A live audio webcast of the conference call will also be available through ProSep's website under "Calendar of Events" in the "News and Investor Center" and on www.marketwire.com. For audio replay, dial 1-416-626-4100 or 1-800-558 5253 with the reservation code # 21467852.

Annual and Special Shareholders Meeting

ProSep will hold its annual and special shareholder meeting on Thursday, May 13, 2010 at 10:00 a.m. (ET) at Best Western Ville-Marie Hotel & Suites, 3407 Peel Street, Montreal, Quebec. The presentation given at the shareholders' meeting will be made available on ProSep's website after the event.

Regulatory Filings

ProSep filed its quarterly unaudited consolidated financial statements for the three-month period ending March 31, 2010 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.

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, gas and water 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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