

PROSEP REPORTS 2009 FIRST QUARTER FINANCIAL RESULTS

MONTREAL, QUEBEC – May 14, 2009 - 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, 2009. All amounts are reported in Canadian dollars unless otherwise stated.

Selected Highlights

- Recorded revenues of \$13.2 million, up 45% when compared to \$9.1 million for the corresponding period of 2008.
- Generated gross margin of \$3.2 million (24%) compared to \$2.5 million (28%) for the corresponding period of 2008.
- Recorded net loss of \$2 million for the three-month period ended March 31, 2009 compared to a net loss of \$3.3 million for the corresponding period of 2008.
- Announced approximately \$12 million¹ in new contracts during the quarter to supply process equipment to large national and international oil and gas producers.
- Sales backlog totalled at \$ 24.1 million at April 1, 2009.
- Launched a new line of conventional produced water treatment products, complementing the Company's existing product portfolio.
- Received important industry recognition for ProSalt, a compact and highly efficient crude desalting technology.
- Initiated a program to recapitalize the organization while reducing overall debt.
- Concluded new covenant structure with DnB Nor, releasing 18 million NOK (approximately \$3.4 million as of April 29, 2009) previously escrowed.
- Signed a long-term credit agreement with National Bank of Canada, providing for long term limited recourse financing against the Asset Backed Commercial Paper.

“Our 2009 first quarter revenues have shown significant growth of 45% over last year's quarter. Our increased level of activity in South East Asia, dedication to expanding our product lines and focus on leveraging operational synergies are all recent initiatives that have supported our momentum,” said Jacques L. Drouin, President and CEO of ProSep Inc. “In order to continue delivering strong results in this challenging environment, we are continually focusing on actively promoting our new produced water treatment line and proprietary products across our global distribution network.”

“We believe that worldwide reductions in CAPEX programs are not expected to occur equally across all regions. In this context, our global diversification strategy should continue to serve us well as we are now positioned to target promising markets such as South East Asia and the Middle-East,” added Mr. Drouin. “In fact, in the last two quarters, ProSep has been invited to quote on a large number of potential projects, mostly for National Oil Companies. Even though lower hydrocarbon prices and global reductions in capital spending programs have lengthened our industry's sales cycle, we continue to experience a high level of activity.”

“The Company's current debt obligations and debt repayment schedule impose a burden on projected growth and, in particular, debt servicing in the parent Company cannot be met in the second half of 2009 due to debt covenants restricting the use of available liquidities from operations. As a result, we are currently exploring ways to reduce our overall debt, preserve our cash position and align our credit facilities to better suit the capital needs of the entire organization. We have initiated discussions with current debtholders with a view to reorganizing our capital structure. The outcome of these discussions may result in the swapping of all or part the Company's debt

¹ Sales are usually announced in USD, a total of US\$9.3 million was announced in 2008 or approximately \$12 million CAD at average exchange rate of \$1.25 USD/CAD.

for equity. If successful, a reorganization will significantly strengthen our financial position and enable us to take better advantage of future market opportunities,” concluded Mr. Drouin.

For more information, refer to ProSep’s first quarter 2009 MD&A.

Financial Results

For the three-month period ended March 31, 2009 ProSep reported revenue of \$13.2 million, a 45% increase from \$9.1 million during the comparable period of 2008. The completion of major contracts as well as favourable exchange rates allowed our US operations to achieve a revenue growth of 29% (from \$7.8 million in Q1-2008 to \$10 million in Q1-2009). During the period, average USD/CAD conversion rates for sales concluded at the US operations account for about \$1.8 million of revenue increase (from an average foreign exchange rate of 1.01 for Q1-2008 to 1.24 for Q1-2009). Our Asia Pacific operations also contributed to revenue increases and grew at the quickest rate of all our operations with \$2.2 million of revenues in Q1-2009 representing 17% of our consolidated revenues. For the previous comparable quarter of 2008, this operation reported revenues of \$0.8 million or 9% of consolidated revenues. The increase is mainly attributable to two important contracts for the delivery of fuel gas packages. The slight decrease of the ProPure and Middle-East operation is explained by lower order intake related to timing of contracts.

Gross margin was \$3.2 million or 24% of revenue for Q1-2009, and \$2.5 million or 28% of revenues for the Q1-2008. Lower Q1-2009 gross margins are mainly attributable to US contracts mix where contracts had a slightly lower margin than in the previous comparable period due to their relative size. Additionally, during the first quarter of 2008, the ProPure and Middle East operation reported technology licence revenues of about \$0.3 million for which there was no cost. However, important Asia Pacific margin increases (from 5% in Q1-2008 to 27% in Q1-2009) compensated for a fair portion of the margin declines. This improvement is caused by increased revenues that allowed the business unit to capture operational synergies.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) stood at (\$0.148) million for Q1-2009 compared to (\$0.441) million for the comparable period in 2008. Increased revenue and costs reduction programs implemented in 2008 and 2009 account for this improvement, in line with the Company’s continued efforts to streamline operations, leverage global synergies and control costs.

Sales and marketing expenses were \$0.5 million or 3.6% of revenues for Q1-2009 compared to \$0.6 million or 6.2% for Q1-2008. These reductions result from a smaller sales and marketing team and better cost control measures at the Company’s Norwegian operations.

General and administrative (“G&A”) expenses were \$2.7 million or 21% of revenues for Q1-2009 compared to \$2.1 million or 23% for Q1-2008. The increase in G&A is mainly explained by a higher US conversion rate which accounts for about \$0.225 million and new hires at the US and Asia Pacific operations to support growth, representing approximately \$0.2 million. Pension accrual charges related to reduction in staff at the Norwegian operations and various head office and business unit expenses account for the remainder of the increase in quarterly G&A.

Research and development expenses decreased to \$0.161 million or 1.2% of revenues in Q1-2009 from \$0.303 million or 3.3% in Q1-2008. The expenses incurred by the Company relating to R&D activities (mostly salaries) have and will continue to be reduced significantly as development activities are increasingly conducted in collaboration with industry partners.

The Company reported a net loss of \$2 million or (\$0.03) per share for Q1-2009 compared to a net loss of \$3.3 million or (\$0.05) per share for Q1-2008.

Basic and diluted earnings (loss) per share was calculated using the weighted-average number of common shares outstanding during the period: 64,443,451 shares for the first quarter ended March 31, 2009 and 62,556,566 shares for the corresponding quarter of 2008.

At March 31, 2009, ProSep held cash and cash equivalents of \$8.9 million.

ProSep Inc. recently concluded a final credit agreement with National Bank of Canada for long term limited recourse financing against the Asset Backed Commercial Paper (“ABCP”) as per the Pan-Canadian Investors Committee approved restructuring. National Bank of Canada has agreed to provide ProSep with a \$7.2 million long term loan, secured by the new ABCP replacement notes, in replacement of the previous demand loan secured with the ABCP that matured on April 30, 2009. By concluding this new financing agreement National Bank of Canada guaranties approximately 60% of the original ABCP value.

The Company also agreed to a new covenant structure outlining its 45,000,000 NOK loan facility with DnB NOR Bank ASA (36,000,000 NOK at March 31, 2009) so as to release the 18,000,000 NOK (approximately \$3.4 million as of March 31, 2009) previously escrowed pending the renegotiation relating to the new covenant structure.

Selected Financial Highlights

(000\$)	Quarter ended March 31 2009	Quarter ended March 31 2008
Revenue	\$13,187	\$9,117
Gross margin	\$3,217	\$2,533
Gross margin percentage of sales	24%	28%
EBITDA*	(\$148)	(\$441)
EBITDA percentage of sales	n/a	n/a
Net loss	(\$1,985)	(\$3,338)
Basic and diluted loss per share	(\$0.03)	(\$0.05)
Weighted average number of shares (basic and diluted)	64,443	62,557
As at:	March 31, 2009	December 31, 2008
Working capital ⁽¹⁾	\$3,316	\$944
Total Assets	\$71,197	\$69,496
Long-term liabilities ⁽²⁾	\$21,200	\$20,695
Shareholder equity	\$17,609	\$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.

⁽¹⁾ Excluding ABCP short term demand loan

⁽²⁾ Including ABCP related National Bank loan

ProSep’s quarterly consolidated financial statements are available on the Company’s website at www.prosepinc.com.

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

Amended Proxy Circular

At the request of the Autorité des Marchés Financiers (“AMF”), the Company amended and re-filed on the date of this press release, the Amended Management Proxy Circular filed on April 23, 2009. The Circular has been re-amended to incorporate a more detailed analysis of Form 51-102F6 in respect of Executive Officers and Directors compensation. These changes are fully detailed in the Accompanying Letter filed on www.sedar.com.

Conference Call and Webcast Details

ProSep will host a conference call on Thursday, May 14 at 8:00 a.m. (ET) to discuss its 2009 first quarter financial results. To access the conference call by telephone, dial 416-644-3427 or 1-800-588-4942. Please connect approximately 15 minutes prior to the beginning of the call to ensure participation.

A live audio webcast of the conference call will be available at www.newswire.ca. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast. The webcast will be archived at www.prosepinc.com for 30 days.

Note: Earnings before interest, taxes, depreciation and amortization (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

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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