

ProSep Inc.

TOGETHER CREATING PURE OIL, GAS AND WATER

Annual and Special
Shareholders Meeting

Management Presentation

May 13, 2010



Forward-looking Statements

Certain statements contained in this presentation constitute forward-looking information within the meaning of securities laws.

Implicit in this information, particularly in respect of future operating results and economic performance are assumptions regarding projected revenues and expenses. These assumptions, although considered reasonable at the time of preparation, may prove to be incorrect. Readers are cautioned that actual future operating results and economic performance are subject to a number of risks and uncertainties, including general economic, market and business conditions and could differ materially from what is currently expected.

For more exhaustive information on these risks and uncertainties you should refer to our most recently filed Annual Information Form, Quarterly and Annual Management Discussion and Analysis which are available at www.sedar.com. Forward-looking information contained in this document is based on management's current estimates, expectations and projections, which Management believes are reasonable as of the current date. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date.

REPORTING CURRENCY:

Unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

Topics

1. Industry fundamentals and trends
2. About ProSep Inc.
3. Growth strategy
4. 2009 & Q1-2010 business highlights
5. 2010 objectives
6. Review of financial results
7. Proposed resolutions



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Industry Fundamentals and Trends



Beyond Easy Oil



**Produce from
aging fields**



**Produce from
unconventional
resources**



**Produce in
challenging
environments**

Demand: Growth and Shift

2009 IEA World Energy Outlook to 2030

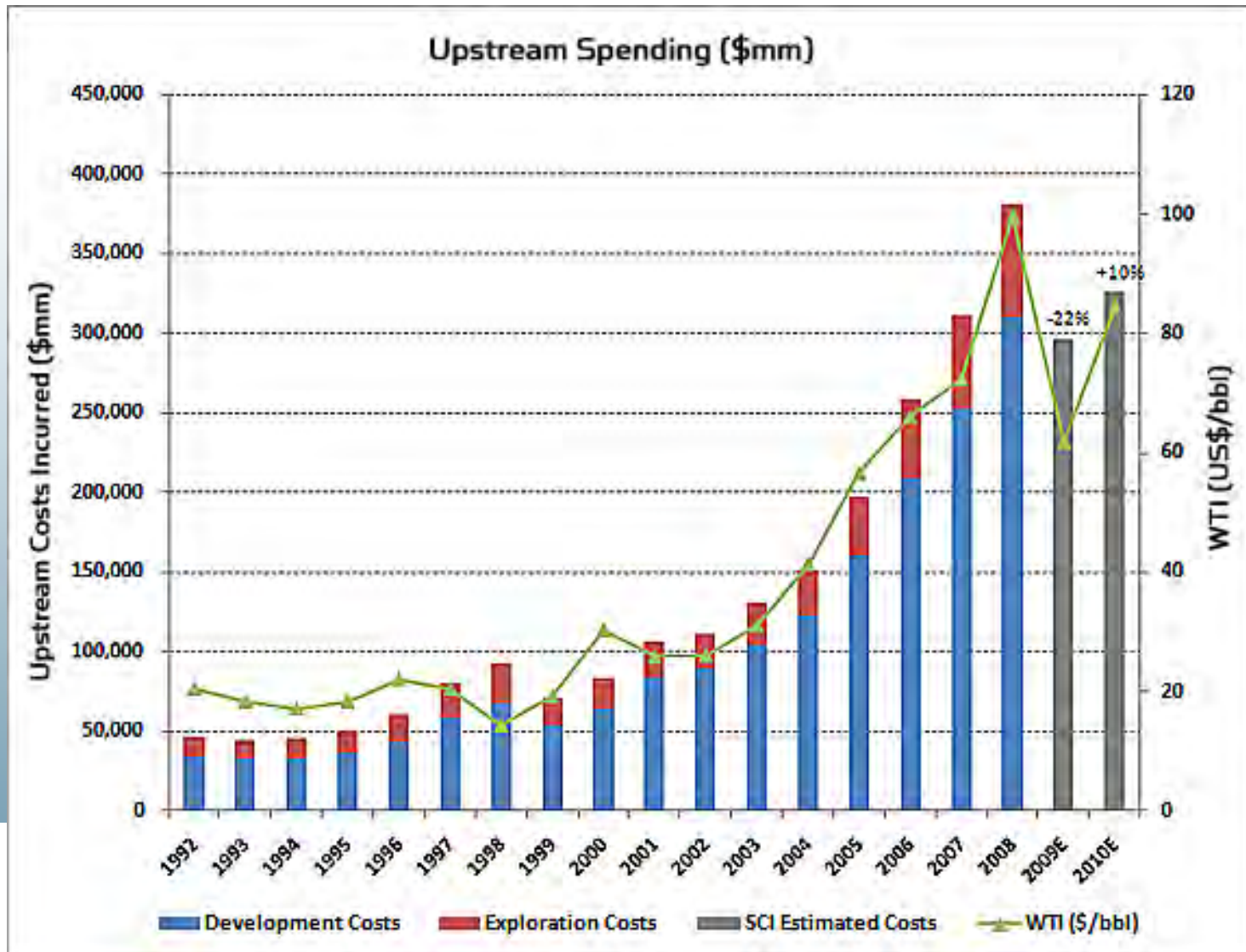
Growing demand for oil:

- From 85mbpd to 105mbpd
- All non-OECD growth
- Demand + production to come mostly from Asia and the Middle-East



**75% demand
growth**

Upstream O&G Investments



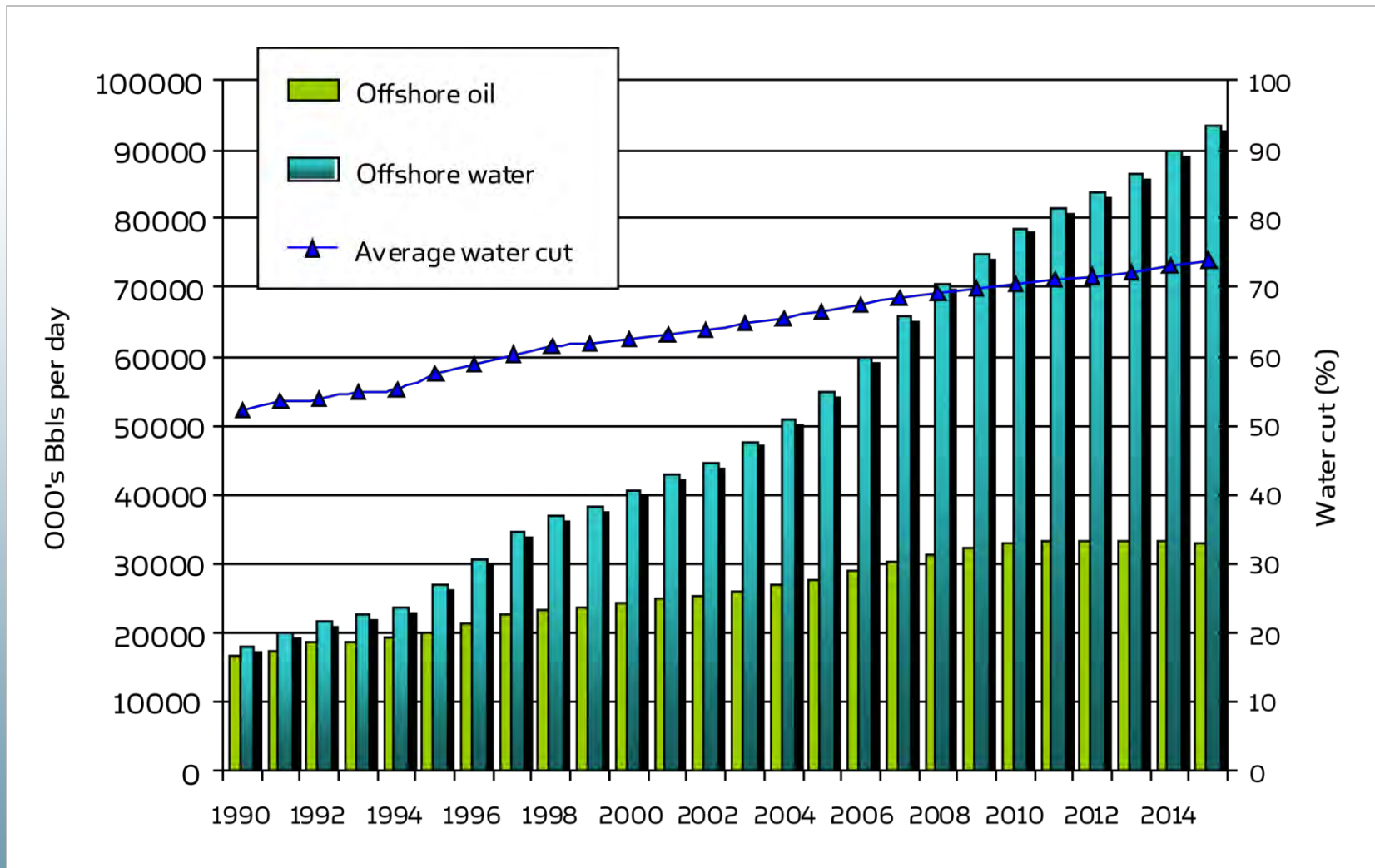
\$350_B

in 2012¹

\$8,400_B

In CAPEX to meet demand by 2030

Produced Water: A Major Challenge



Demand for New Technologies

Maturing fields

Enhanced oil recovery:

- Increased by-production of H_2O , CO_2 , H_2S
- Re-injection of H_2O or CO_2

Sustainability

Increased regulation:

- Overboard discharge
- Atmospheric emissions
- Carbon capture and storage

Price of oil

Technological improvements

Production capacity

A Challenging Recovery

➔ Exit recession later half of 2009

➔ O&G CAPEX:

- 2009: - 22%
- 2010: + 10%

➔ Oil demand expected to grow on average by 3.6% in next 2 years.

➔ WTI average prices¹:

- 2010: \$84 by end of 2010
- 2011: \$87 by end of 2011

➔ Short term excess capacity:

- Stronger competition
- Consolidation



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About ProSep



O&G Upstream Processing

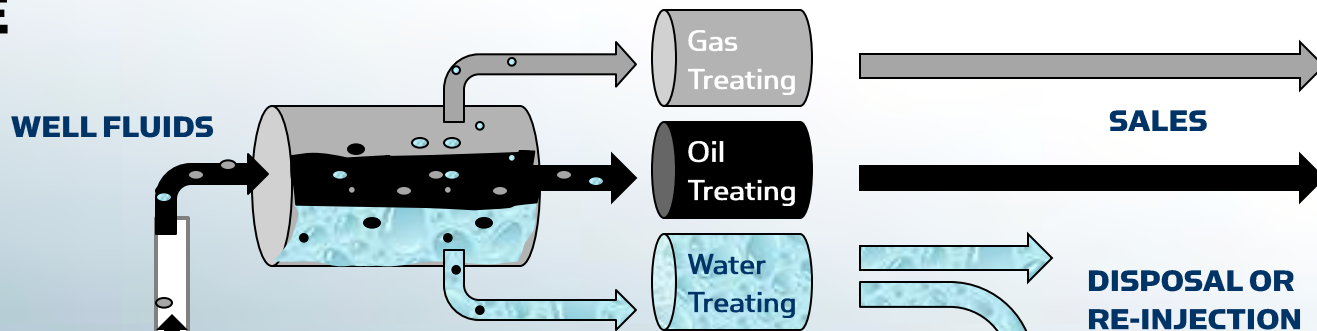
PROCESS SOLUTIONS

TOPSIDE

SEPARATION

SECOND/THIRD STAGE SEPARATION

TO DOWNSTREAM O&G PROCESSING...



DOWNHOLE

GAS

OIL

WATER

GASEOUS
HYDROCARBONS

Global Operations



100 employees
20 agents
≈\$200 million installed
55k sqf assembly plant

Engineering
Project management
Commissioning

Product development
Manufacturing
Field testing

Key Success Factors



ProSep's Offering



Gas



Oil



Water

Process improvements

- Fresh water & chemical savings
- Low maintenance
- Small footprint
- Efficiency

Selected Clients

- BP
- ConocoPhillips
- Ecopetrol
- Eni
- Kuwait Oil Company
- Occidental Petroleum
- Pan American Energy
- Pemex
- Petronas
- Saudi Aramco
- Statoil
- Whitting Petroleum

Step-Change Technologies



Gas Membranes



ProSalt (crude desalting)



ProMix (crude separation)



Ctour / TORR (Produced water)



Sorbloc (Produced Water)



ProDry (gas dehydration)

Committed Team

Executive Committee

Jacques L. Drouin
President & CEO

Patrice Daignault, ca
CFO & Corporate Secretary

Harald Linga, PhD
Senior VP Technology

Lew Mologne, P.eng
President, American Business Unit

Matthew Rummer, P.eng
President, Asia-Pacific Business Unit

Kjell-Inge Arnevig
General Manager, EU&ME Business Unit

Board of Directors

Anthony Rustin (Chairman)
Former Executive VP, SNC-Lavalin

G rard Caron
Former Director and Secretary General
of Quebec Chartered Accountants Association

Richard Lint
Former Deputy Chairman and Head of Oil, Gas
& Pipeline Group, Scotia Capital and CEO of
Citibank Canada

Paul Coppinger
President CIRCOR Energy Products

David Laidley
Chairman Emeritus Deloitte & Touche

Jacques L. Drouin



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Growth Strategy



Strategic Orientation

Bid on larger projects	<ul style="list-style-type: none">- FPSO topside- Complete oil/water treatment trains- Large gas treatment solutions
Expand market reach	<ul style="list-style-type: none">- Houston initiatives (South America, GOM)- Sorbfloc, CTour and TORR in Middle-East- TORR in South East Asia
Focus on produced water treatment	<ul style="list-style-type: none">- South America (Columbia, Brazil)- South East Asia (S. Korea, Indonesia, Thailand, etc)- Australia- Middle-East (Oman, Saudi Arabia, Kuwait)
Market new technologies	<ul style="list-style-type: none">- Gas treatment membranes in South East Asia- ProSalt (crude desalting) in S.E.A.- ProDry
M & A	<ul style="list-style-type: none">- Acquisitions- Strategic alliances- Partnerships



4 **2009 & Q1-2010** **Business Highlights**



Objectives and Achievements

2009 Objective	Achievements
Proactively manage through the recession	<ul style="list-style-type: none">• New global 3 year marketing & communication plan• Successful commissioning and start-up of large systems• New client: ecopetrol• Invited to bid on larger projects• No LTI

Objectives and Achievements

2009 Objectives	Achievements
Complete the balance sheet reorganization plan, providing lower debt and sufficient working capital	<ul style="list-style-type: none">• Converted \$8 million debt into equity and completed \$5 million rights offering and \$3.7 million equity financing
Successfully commercialize the CPWT line of products	<ul style="list-style-type: none">• Complete sales team, developed full line of solutions and concluded sales
Successfully operate the new plant in Houston	<ul style="list-style-type: none">• Done!

Objectives and Achievements

2009 Objective	Achievements
Turn ProPure into a commercially-driven organization	<ul style="list-style-type: none">• First positive EBITDA since 2006• New leadership• Successful TORR trial and ProMix qualification in Saudi Arabia, TORR commissioning in Kuwait• Phase III ProDry JIP• ISO re-certification

Objectives and Achievements

2009 Objective	Achievements
Establish our KL operations as a major process solutions provider in S.E.A.	<ul style="list-style-type: none">• First positive EBITDA• Hired senior engineers and key employees to support growth• Executed a larger number of contracts• First TORR sale in the region• Obtained ISO certification



5 **2010** **Objectives**



2010 Objectives

- ➔ Increase backlog in 2010 and 2011
- ➔ Increase network of agents
- ➔ Provide adequate working capital to fund expected growth
- ➔ Implement global communication and marketing plan
- ➔ Realize technology validation and commercialization programs
- ➔ Implement M&A strategy



6 **Financial Results**



Annual Results

In Millions of CAD	2009	2008
Revenues	41.4	51.6
Gross margin	13.3 32%	15.8 31%
OPEX	13.2	12.9
EBITDA	0.14	3.0
Net loss	(13.9)*	(1.6)
Net loss per share	(0.13)	(0.03)

* Excluding non-cash goodwill impairment and loss on debt settlement, the 2009 loss would have stood at \$5.3 million

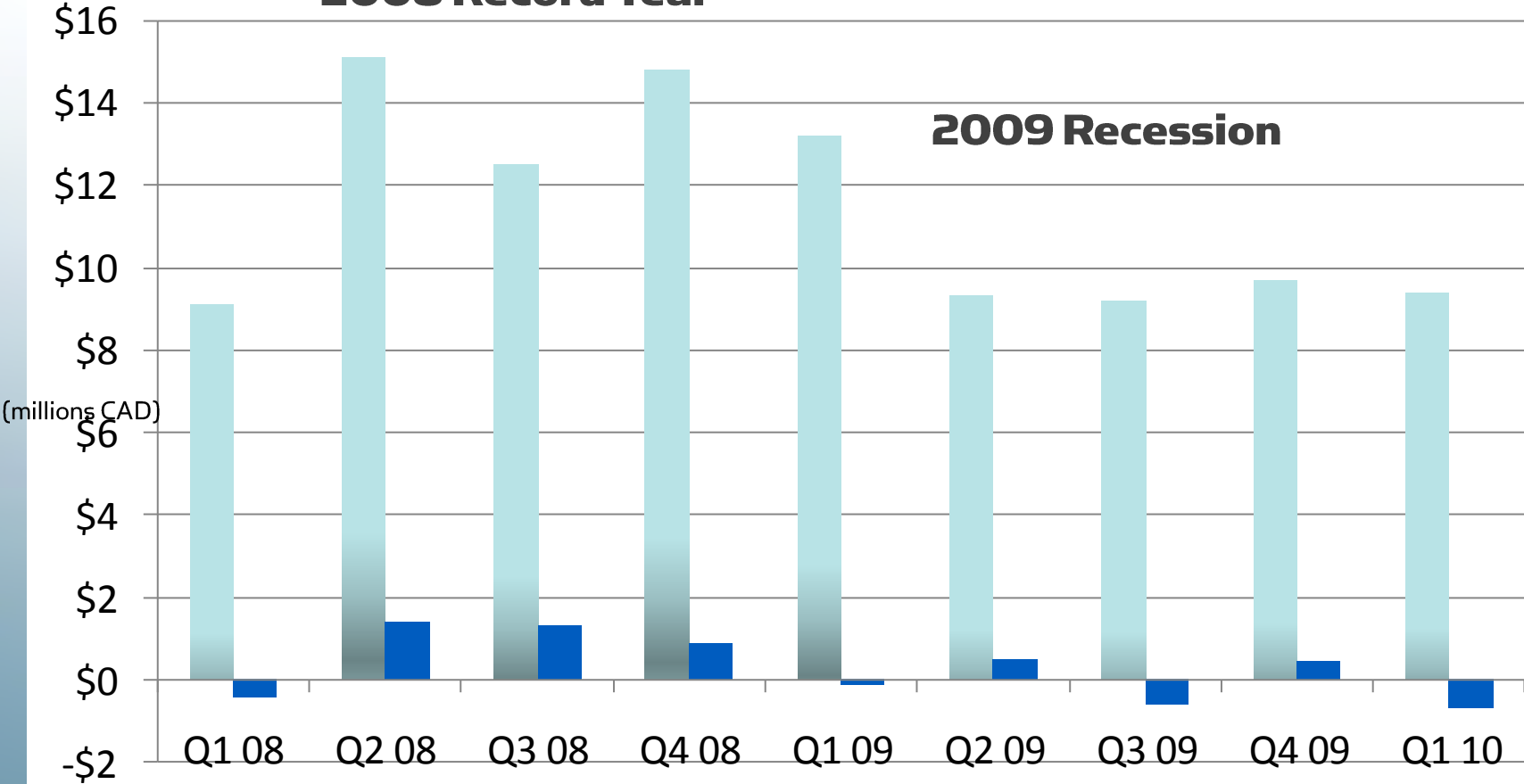
Quarterly Financial Results

In Millions of CAD	Q1 – 2010	Q1 – 2009
Revenues	9.4	13.2
Gross margin	2.6 27%	3.2 24%
OPEX	3.3	3.4
EBITDA	(0.680)	(0.148)
Net loss	(1.3)	(2.0)
Net loss per share	(0.01)	(0.03)

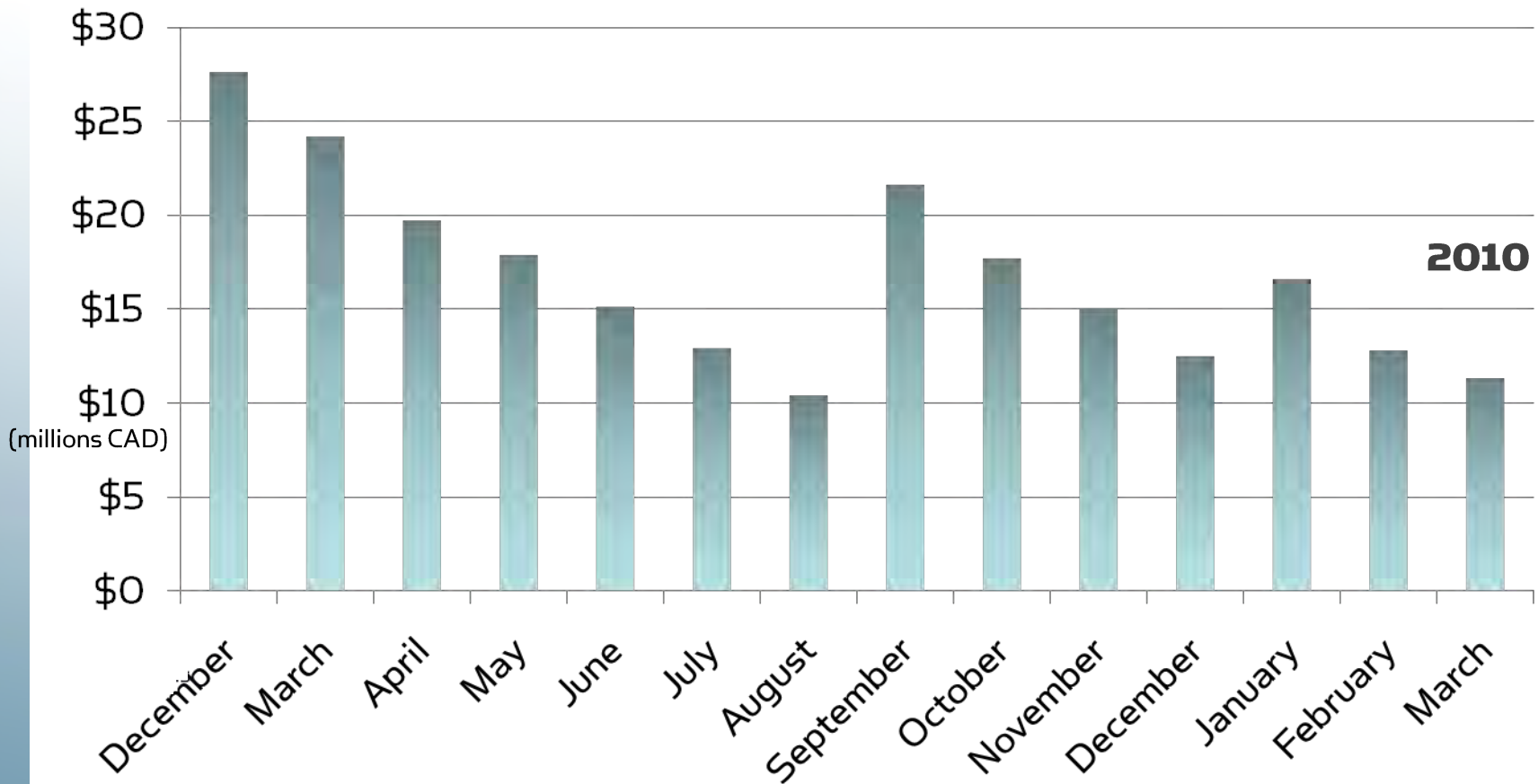
Quarterly Revenue and EBITDA

2008 Record Year

2009 Recession



2009-2010 Backlog: Rebounding?



Balance Sheet

(in Millions of CAD, as at March 31, 2010)

Assets

Cash and equivalents	6.3
Restricted cash	2.3
Receivables	11.5
Other short term assets	2.0
	<hr/>
	22.2
Long-term investment	3.4
Property & equipment	1.5
Goodwill and intangibles	23.4
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	50.5

Liabilities

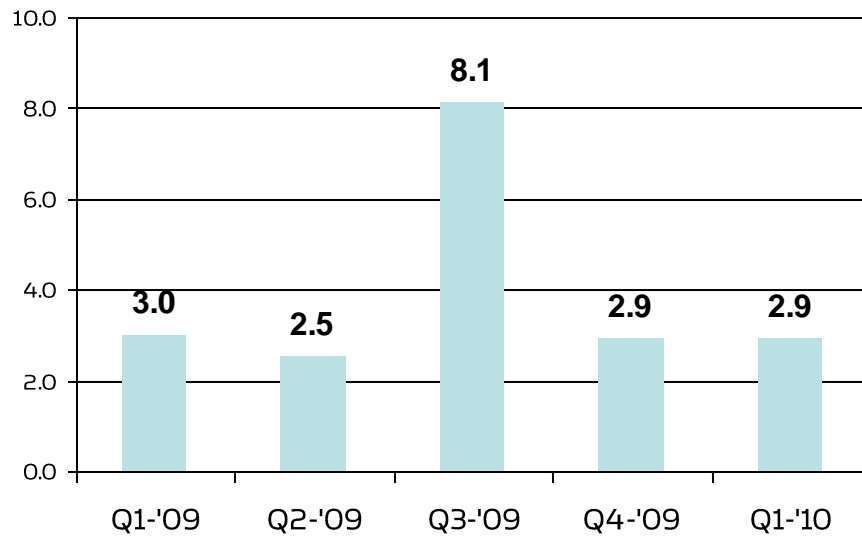
Bank credit facilities	4.8
AP and accrued liabilities	11.9
Current portion of LTD & other STL	1.7
	<hr/>
	18.4
Long-term debt	11.4
Future tax & pension obligation	1.9
	<hr/>
	31.7

Shareholder's equity

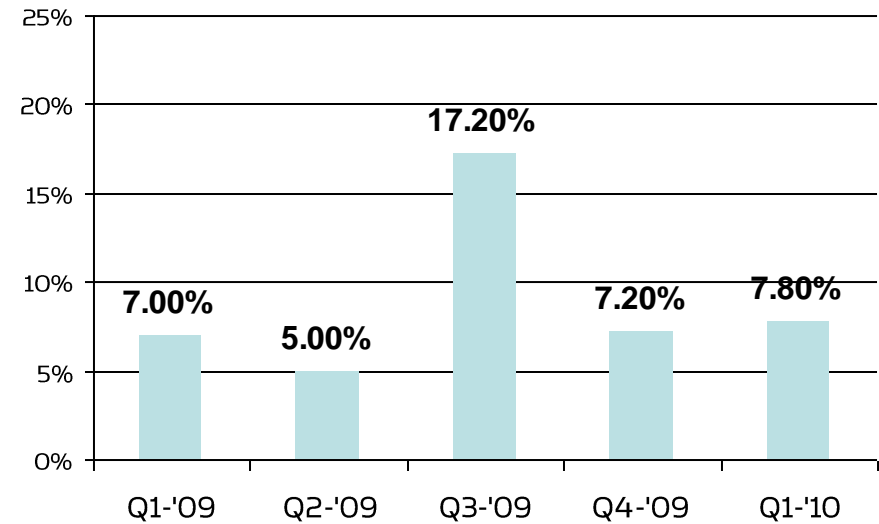
Equity	18.8
	<hr/>
	50.5

Working Capital Level

**Working Capital¹ level
(in CAD millions)**



**Working Capital¹ as a %
of revenues²**

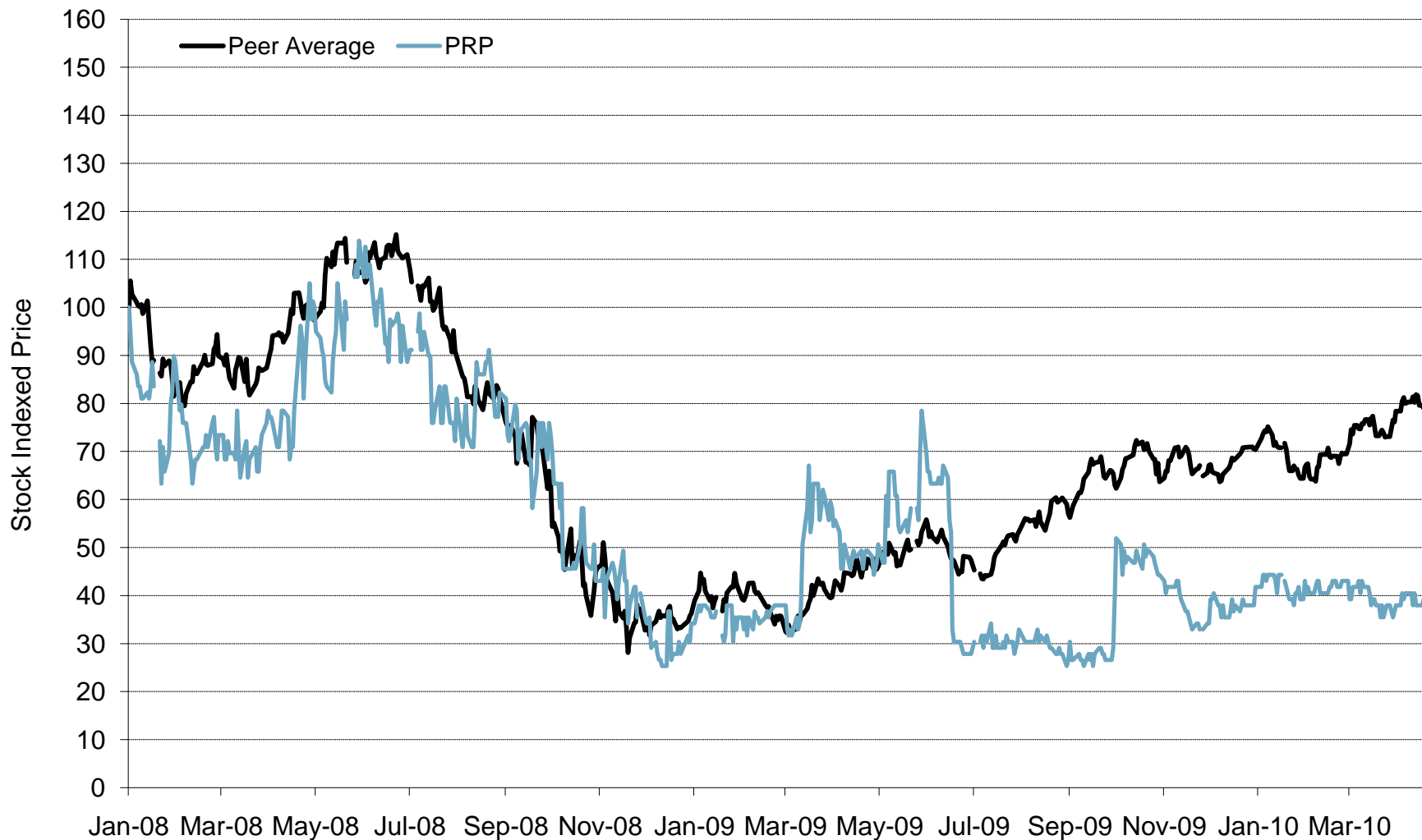


¹Working capital: Receivables + Inventories + Prepaid expenses + Restricted cash – Payables & Accrued Liabilities - Deferred Revenues

²Trailing 12 months sales

PRP vs Industry Peers

Peers: CAM, FTI, EXH





7 **Proposed Resolutions**



IT'S THAT CLEAR.

ProSep is committed to supplying state-of-the-art process equipment to oil and gas producers.

Our separation and treatment technologies are installed on production facilities around the world, delivering economical and environmental benefits to our customers.

TOGETHER CREATING PURE OIL, GAS AND WATER

CANADA • UNITED STATES • NORWAY • BAHRAIN • MALAYSIA

