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PROSEP REPORTS 2010 FINANCIAL RESULTS

MONTREAL, QUEBEC – March 10, 2011 - ProSep Inc. (TSX: PRP) (“ProSep” or “the Company”) dedicated to providing process solutions to the oil and gas industry, today announced its financial results for the three and twelve-month periods ended December 31, 2010. All amounts are reported in Canadian dollars unless otherwise stated.

Selected highlights of the year and subsequent events:

Financial:

- Revenues of \$34.7 million, a decrease of 16% when compared to \$41.4 million for 2009.
- Gross margin of \$10.3 million (30% of revenues) compared to \$13.3 million (32%) for 2009.
- EBITDA was negative \$1.9 million compared to \$0.140 million for the year ended December 31, 2009.
- Net loss of \$4.4 million compared with a net loss of \$13.9 million for the year ended December 31, 2009. Included in the 2009 loss was a \$6.5 million goodwill impairment, as well as debt conversion and settlement costs amounting to \$2.1 million.
- Concluded a \$3.7 million equity financing to support working capital requirements with existing and new shareholders.
- Concluded a \$1.0 million subordinated convertible debenture to fund the ProSep Kolon venture.

Commercial:

- Announced approximately \$23 million in new contracts during the year. Current backlog stands at \$19.4 million up from \$7.8 million at year-end.
- Concluded a joint venture agreement with the chairman and controlling shareholder of Kolon Group, a large integrated commercial group and Korea’s largest water treatment company. This partnership should allow ProSep to leverage Kolon Group’s vast network and strong reputation to promote ProSep’s offering to the growing Floating Production Storage and Offloading (FPSO) shipbuilding industry and Oil & Gas Engineering Procurement and Construction (O&G EPC) firms.
- Signed a collaboration agreement with Bandariyah International Group, a leading supplier to the Saudi Arabian oil & gas and petrochemical industries, to accelerate commercialization of ProSep’s offering in the Kingdom.
- Successfully introduced the Company’s produced water treatment offering in the Gulf of Mexico and in South East Asia. The later represents a key growth market for ProSep.
- Concluded a significant agreement to supply a proprietary CTour® produced water treatment system to a super major operating in the North Sea for an important redevelopment project. This contract is for an amount of \$3.6 million.
- Concluded ProSep’s first significant sale in the Canadian oil sands, to provide process engineering and internals for a crude treatment system. This contract is for an amount of \$2 million.
- Successfully completed the ProDry’s third development phase with industry partners Total, Statoil and ConocoPhillips. Results showed high performance and robustness.

- Announced its proprietary technology will be used at an important large-scale carbon capture testing facility owned by Statoil, Norske Shell and Gassnova.
- Achieved promising results from field trials of the Sorbloc, a revolutionary biodegradable flocculant to treat produced water, capable of removing a full spectrum of harmful components including heavy metals.

Corporate:

- Appointed two highly regarded directors to the Company's Board.
 - Mr. Claude Fontaine Q.C., F.I.C.D., a retired senior partner at Ogilvy Renault LLP.
 - Mr. Joseph Wilson, recently retired after serving as Senior Vice President — Global Ventures for NATCO Group until its acquisition by Cameron International Corporation, a leading equipment supplier with over \$5 billion in sales.
- Initiated a global integration plan to improve reach and ensure best practices across all business units. Appointed to the executive committee and to lead this initiative are two industry veterans:
 - Douglas A. Campbell, P. Eng., M.B.A. was appointed Executive Vice President of Sales and Business Development. Mr. Campbell was previously Vice President Marketing and Business Development at NATCO where he was intimately involved in the group's international success. Mr. Campbell brings over 33 years of experience in the engineering and construction fields for the upstream oil & gas industry.
 - Parag P. Jhonsa was promoted to Executive Vice President Operations. Mr Jhonsa previously led the American business unit's engineering and operations teams.
- Ranked for a second consecutive year among the Deloitte Technology Fast 50TM, received a third Green Fifteen award and ranked fourteenth fastest growing company in Deloitte's North American Fast 500 edition based on percentage of revenue growth over the last 5 years.

“With the global recovery and growth in energy demand, ProSep’s backlog is back to growth. Since the start of the year, we’ve announced \$17 million in new contracts, compared to \$23 million during the entire previous twelve months”, said Jacques L. Drouin, President & CEO. “With strong industry fundamentals and growing production challenges, we expect order intake to continue increasing into the year and generate strong revenue growth.”

“We believe that this year ProSep will benefit from strong market conditions and a favourable competitive landscape. In order to achieve above industry performance, deliver strong profitability and shareholder value, we have set forth a very aggressive growth plan. We’ve hired industry experts to join our sales and engineering teams to leverage our customer base, improve our global reach, expand our expertise and ensure the highest level of execution across all business units. We believe we can become the next leading independent technology-focused process solutions provider”, added Mr. Drouin.

Selected Financial Highlights (in \$ millions except for loss per share)

	Quarter ended December 31		Twelve-months ended December 31	
	2010	2009	2010	2009
Revenue	\$8.5	\$9.7	\$34.7	\$41.4
Gross margin	\$3.2	\$3.7	\$10.3	\$13.3
Gross margin percentage of sales	38%	38%	30%	32%
EBITDA*	(\$0.2)	\$0.4	(\$1.9)	\$0.1
Net loss	(\$1.2)	(\$1.3)	(\$4.4)	(\$13.9)
Basic and diluted loss per share	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.13)
Weighted average number of shares (basic and diluted)	191.8	163.3	180.9	106.1
As at:	December 31, 2010		December 31, 2009	
Working capital	\$4.3		\$2.7	
Total assets	\$46.5		\$53.4	
Long-term debt	\$10.4		\$11.7	
Shareholders' equity	\$19.9		\$20.0	

*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.

** Working Capital is defined as short-term assets less short-term liabilities

Financial Results

This announcement reports only consolidated results. For detailed segmented financial results please see Management Discussion and Analysis and Audited Financial Statements for the year ended December 31, 2010.

Revenues

ProSep reported consolidated revenues of \$34.7 million during the year ended December 31, 2010, a decrease of 16% from \$41.4 million generated during 2009. Growth of close to 18% at the European and Middle-East operations was offset by decreased revenue at the US and Asia Pacific operations. Overall, lower order intake related to residual weakness in upstream capital expenditure spending, increased competition, delays in contract completion at the Asian operations and unfavourable USD/CAD exchange rates explain most of the variance.

During the fourth quarter of 2010, ProSep reported consolidated revenues of \$8.5 million, representing a decrease of 12% from \$9.7 million reported during the corresponding period of 2009. Revenues at all business units continued to be affected by lower order intake, however contract announcements during the first quarter of 2011 are showing a significant recovery at the US and South East Asian operations.

Gross Margins

Gross margins for 2010 stood at \$10.3 million, or 30% of revenues, compared to \$13.3 million, or 32% of revenues in 2009. Weaker margins at the US and South East Asian operations were offset by stable and higher gross margins at the Company's European operations, where most of the proprietary expertise resides. Residual market weakness and a strong competitive environment explain these lower margins. Local currency appreciation and execution challenges at the South East Asian operations also contributed to lower margins.

To improve gross margin levels across the organization, ProSep set forth two important initiatives as part of its global integration plan (see new strategic direction in MD&A). By implementing a matrix organizational structure and grouping employees around their business functions such as sales, operations and marketing, the Company can leverage its best resources, develop synergies and ensure even execution across all business units. The second initiative is to decentralize knowledge of its proprietary solutions which will improve the ability of all business units to promote these new solutions in their respective markets and achieve higher gross margin levels.

Fourth quarter consolidated gross margin stood at \$3.2 million or 38% of revenues compared to \$3.7 million or 38% of revenues for the same period in 2009. Unusually higher levels of gross margins in both fourth quarters are the results of cost savings in project completion, contract mix as well as capitalization of certain development costs that were accounted as cost of good sold in the previous quarters.

EBITDA and Net Loss

Fourth quarter EBITDA was negative \$0.2 million in 2010 compared to positive \$0.4 million the previous year. Despite the Company's ability to reduce operating expenses, residual weakness in the industry and unfavourable currency exchange rates led to a negative annual EBITDA of \$1.9 million compared with \$0.1 million generated during the previous twelve month period of 2009.

Fourth quarter net loss was of \$1.2 million (\$0.01) per share, compared to a net loss of \$1.3 million (\$0.01 per share) during the previous year. At year-end, net loss stands at \$4.4 million (\$0.02 per share) compared to \$13.9 million (\$0.13 per share) in 2009. The previous year's net loss was affected by a \$6.5 million goodwill impairment charge as well as debt conversion and settlement costs amounting to \$2.1 million resulting from the balance sheet restructuring initiative concluded in the third quarter of 2009.

Basic and diluted loss per share was determined using the weighted-average number of 180,912,158 Common Shares outstanding during 2010. At December 31, 2010, 191,798,008 Common Shares were issued and outstanding compared to 163,255,910 at the corresponding date of 2009. At December 31, 2010, ProSep held cash and cash equivalents of \$3.7 million compared with \$7.7 million as at December 31, 2009.

Exercise of Put Option Related to ABCP Credit Facility

In accordance with the Credit Agreement entered into with National Bank of Canada with respect to the Class 2 Restructured Notes, the Company exercised its right to transfer to National Bank of Canada, on March 10, 2011 the ownership of the Class 2 Restructured Notes and any proceeds in payment of the principal amount owing under the Asset Backed Commercial Paper (ABCP) Credit Facility of \$ 2.5 million.

Conference Call and Webcast Details

ProSep will host a conference call and webcast on Thursday, March 10, 2011 at 8:00 a.m. (EST) to review the financial results and highlights of the quarter and year ended December 31, 2010. To access the conference call by telephone, dial **1-416-981-9000** or **1-800-772-3714**. 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 # 21513834.

Regulatory Filings

ProSep filed its audited consolidated financial statements for the four and twelve-month period ending December 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.prosep.com.

About ProSep

ProSep is a technology-focused process solutions provider to the upstream 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.prosep.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 political and 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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