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**PRESS RELEASE
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PROSEP ANNOUNCES PRIVATE PLACEMENT OF \$11.1 MILLION AND STRATEGIC ALLIANCE WITH FLINT ENERGY SERVICES LTD.

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MONTREAL, QUEBEC – October 6, 2011 - ProSep Inc. (TSX: PRP) ("ProSep" or the "Company"), dedicated to providing process solutions to the oil and gas industry, announced today that it has entered into agreements for a non-brokered private placement of common shares of the Company (the "Common Shares") for gross proceeds of up to \$15 million. The Company will use the net proceeds from the private placement for commercialization, business development and general working capital purposes.

In connection with the proposed private placement, ProSep has entered into subscription agreements (the "Subscription Agreements") with Investissement Québec ("IQ"), Cycle Capital Fund I, L.P. ("Cycle"), Fondation, le Fonds de développement de la Confédération des Syndicats Nationaux pour la coopération et l'emploi ("Fondation"), Flint Energy Services Ltd. ("Flint"), and certain members of executive management of the Company ("Management", and collectively with IQ, Cycle, Fondation and Flint, the "Investors"), under which the Investors have collectively agreed to invest an aggregate amount of approximately \$11.1 million for the purchase of Common Shares. Cycle and Fondation are currently significant shareholders of the Company, holding respectively 36,224,736, and 42,087,299 Common Shares, as of October 4, 2011, which represent 18.8% and 21.8% of the issued and outstanding Common Shares of ProSep.

"This private placement will allow ProSep to significantly strengthen its balance sheet and provide the financial flexibility to meet its growth objectives," said Jacques L. Drouin, ProSep's President and Chief Executive Officer. "We continue to receive the unwavering support of Fondation and Cycle Capital and now welcome a new group of prominent investors such as Investissement Québec and Flint Energy Services. With a strong shareholder base and a new strategic partnership, we can accelerate the commercialization of our step-change technologies and continue expanding our business in key markets such as Canada's oil sands."

Strategic Alliance with Flint Energy Services Ltd.

ProSep also announced today the execution of a commercial agreement (the "Commercial Agreement") with Flint, a major equipment and services supplier to the oil sands industry. Pursuant to the Commercial Agreement, ProSep has appointed Flint as its exclusive commercial representative and preferred supplier of manufacturing services in Canada, except for the Province of Québec, for the purposes of business development, commercialization, and the promotion of the Company's products and technology in Canada. Concurrently with the conclusion of the Commercial Agreement, Flint has also agreed to subscribe for Common Shares in the proposed private placement.

About Flint Energy Services Ltd.

Flint Energy Services Ltd. is a market leader providing an expanding range of integrated products and services for the oil and gas industry including: production services; field construction; oilfield transportation; process equipment design and manufacturing; and tubular management services.

With more than 10,000 employees, Flint provides this unique breadth of products and services through over 60 strategic locations in the oil and gas producing areas of western North America, from Inuvik in the Northwest Territories to Mission, Texas on the Mexican border. Flint is a preferred provider of infrastructure construction management, module fabrication, maintenance services for upgrading, and production facilities in Alberta's oil sands sector (www.flintenergy.com).

About the Private Placement

Pursuant to the Subscription Agreements, IQ will purchase \$4.5 million principal amount of Common Shares, and Flint will purchase \$2 million principal amount of Common Shares. In addition, the following insiders of ProSep will participate in the transaction: Cycle will purchase \$2,385,000 principal amount of Common Shares (being 34,945,054 Common Shares representing approximately 18% of the 192,848,008 currently issued and outstanding Common Shares (the "Issued Capital")), Fondaction will purchase \$1,985,000 principal amount of Common Shares (being 29,084,249 Common Shares representing approximately 15% of the Issued Capital), and Management will collectively purchase an aggregate of approximately \$300,000 principal amount of Common Shares (being 4,079,061 Common Shares representing approximately 2% of the Issued Capital). Management participating in the private placement are: Jacques L. Drouin, President and Chief Executive Officer; Claude Samson, Chief Financial Officer and Corporate Secretary; Gary Blizzard, Executive Vice-President Process Engineering and Product Development; Michael M. Browne, General Manager of ProSep (USA) Inc.; Danielle Ste-Marie, Vice-President Marketing and Communications; Dominique Minville, Treasurer, and Alnoor Mandjee, Corporate Controller. The independent members of the board of directors chose not to participate, directly or indirectly, in the private placement.

In addition, the Company has provided commitments to IQ with respect to its future economic contribution in the Province of Québec.

The Common Shares will be issued at \$0.06825, which corresponds to an amount per share representing the average closing price of the Common Shares on the TSX for the 20 trading day period ended September 29, 2011. ProSep has received commitments to purchase an aggregate of approximately \$11.1 million principal amount of Common Shares and intends to raise up to a maximum of \$15 million in gross proceeds from the private placement, the whole on the terms and conditions described herein. Such maximum amount of the financing will result in the issuance of up to 219,780,219 Common Shares representing a dilution of up to 114% of all the 192,848,008 issued and outstanding Common Shares at the date hereof.

Subject to receiving the required regulatory approvals and satisfying investment conditions of the Subscription Agreements, it is anticipated that the private placement will occur in one or more closings, occurring as soon as practicable from October 14, 2011, but no later than November 11, 2011.

Pro Forma Ownership of ProSep

As of October 4, 2011, Cycle and Fondaction owned 36,224,736, and 42,087,299 Common Shares, respectively, representing 18.8% and 21.8% of the issued and outstanding Common Shares, respectively, for an aggregate of 40.6% of the issued and outstanding Common Shares, and Management participating in the private placement held an aggregate of 625,203 Common Shares, representing 0.32% of the issued and outstanding Common Shares. Immediately following the private placement, and further to the issuance of Common Shares on the basis of the previously mentioned Subscription Agreements,:

- IQ is expected to hold 65,934,066 Common Shares, representing 18.5% of the issued and outstanding Common Shares;
- Cycle is expected to hold 71,169,790 Common Shares, representing 19.98% of the issued and outstanding Common Shares;
- Fondation is expected to hold 71,171,548 Common Shares, representing 19.98% of the issued and outstanding Common Shares;
- Flint is expected to hold 29,304,029 Common Shares, representing 8.2% of the issued and outstanding Common Shares;
- Management participating in the private placement is expected to hold an aggregate of 4,704,264 Common Shares, representing 1.3% of the issued and outstanding Common Shares.

TSX Matters and Shareholder Approval

ProSep will apply to list the Common Shares issuable under the private placement on the TSX. The private placement is subject to the approval of the TSX. Since the private placement will provide for the issuance of Common Shares to insiders of the Company of greater than 10% of the issued and outstanding shares, the rules of the TSX require that, unless an exemption is available, the Company obtain approval of the private placement from the holders of a majority of the Common Shares of the Company, excluding the votes attached to the Common Shares held by insiders.

In September 2011, the Company's board of directors established a special committee consisting of 7 of the Company's directors, each of whom is independent of management and free from any interest in the private placement and unrelated to the parties involved in the private placement. On October 4, 2011, the special committee has unanimously recommended to the board of directors of the Company that ProSep apply to the TSX for an exemption from the shareholder approval requirements for the private placement on the basis that the Company is in serious financial difficulty, the proposed private placement is designed to improve the Company's financial condition and the private placement is reasonable for the Company in the circumstances. The independent directors concluded that the Company is in serious financial difficulty given that if the proposed private placement is not completed in the very near term, the Company will default on its Senior Acquisition Term Loan Facility. The board of directors unanimously agreed with this recommendation.

The Company has applied to the TSX for an exemption from the requirement to seek shareholder approval in accordance with Section 604(e) of the Company Manual of the TSX on the basis that the Company finds itself in a state of financial hardship. The TSX has advised the Company that reliance on this exemption will automatically result in a TSX de-listing review to confirm that the Company continues to meet TSX listing requirements. The Company believes the de-listing review is a routine procedure when using this exemption and intends to comply with applicable TSX listing requirements following completion of the financing.

In addition, due to the participation of insiders of the Company in the private placement, the private placement constitutes a related party transaction for the purposes of Multilateral Instrument 61-101 and the Company is relying on exemptions from the formal valuation and minority approval requirements of Multilateral Instrument 61-101 based on its financial hardship.

The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

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, the size, timing and completion of the proposed private placement, regulatory approvals, use of proceeds and the Company's future compliance with the TSX listing requirements. 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 satisfaction or waiver of the conditions precedent to the completion of the private placement, the receipt of the necessary regulatory approvals, including the approval of the TSX for the Company to rely on the financial hardship exemption, the Company's compliance with the listing requirements of the TSX, 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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