

PROSEP PURSUES JOINT DEVELOPMENT OF PROPRIETARY GAS DEHYDRATION TECHNOLOGY

*- Receives additional funding to pursue Phase IV pilot testing
of ProDry with JIP partners Total, Statoil and ConocoPhillips -*

MONTREAL, QUEBEC – December 23, 2010 – ProSep Inc. (TSX: PRP), dedicated to providing process solutions to the oil and gas industry, announces it was awarded additional funding to pursue the development of its proprietary gas dehydration technology “ProDry” under a Joint Industry Project (JIP) carried-out with Total, Statoil and ConocoPhillips. The JIP partners together with The Research Council of Norway provided additional funding of approximately \$0.4 million (CAD) to pursue a Phase IV pilot testing project, an extension of Phase III announced on May 28, 2009. After successful performance testing at Total’s gas processing plant in Lussagnet (France), JIP partners agreed to extend testing to identify scale-up capacity, performance and operational robustness of the ProDry. Phase IV development is expected to conclude in the second quarter of 2011.

“Most new oil and gas discoveries are located offshore in deeper, more remote and challenging environments. By working with industry partners such as Total, Statoil and ConocoPhillips, we can develop pioneering technologies specifically designed to address their actual process improvement requirements,” said Jacques L. Drouin, President and CEO of ProSep Inc. “This model allows ProSep to optimize its development activities, allow for onsite testing and provide unbiased performance data.”

Total industry funding for the development of the ProDry now stands close to \$2 million since 2009. The Company will retain all property rights including technology, patents and licensing fees relating to future sales. The ProDry is a compact, light weight technology that efficiently mixes glycol into gas for dehydration. The ProDry utilizes ProSep’s proprietary mixing and injection technology developed at the Company’s Norwegian operations and provides a more compact and robust gas dehydration as compared to conventional technologies such as absorption towers. Compact and lightweight solutions such as the ProDry are increasingly being developed to address the needs of the growing offshore and subsea oil and gas production activities.

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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