

PROSEP REPORTS 2010 THIRD QUARTER FINANCIAL RESULTS

MONTREAL, QUEBEC – November 11, 2010 - ProSep Inc. (TSX: PRP), dedicated to providing process solutions to the oil and gas industry, today announced its financial results for the three and nine-month periods ended September 30, 2010. All amounts are reported in Canadian dollars unless otherwise stated.

Selected highlights of the quarter and subsequent events:

Financial:

- Revenues of \$8.1 million, a decrease of 11% when compared to \$9.2 million for the corresponding period of 2009. Year-to-date, revenues amount to \$26.2 million, a 17% reduction from the \$31.7 million generated during the first nine months of 2009.
- Gross margin of \$2 million (24% of revenues) compared to \$2.7 million (29%) for the corresponding period of 2009. Year-to-date, gross margin stands at \$7.1 million (27%) compared to \$9.6 million (30%) for the same period last year.
- Net loss of \$1.5 million compared with a net loss of \$3.4 million for the corresponding period of 2009. Year-to-date, net loss amounts to \$3.2 million compared to \$12.6 million for the same period last year. Included in the 2009 year-to date net losses were a \$6.5 million goodwill impairment and debt conversion and settlement cost amounting to \$2.1 million.

Operational and corporate:

- Announced approximately \$11 million in new contracts during the quarter including the Company's first significant sale for the Canadian Oil Sands market.
- Appointed two industry veterans to the Company's executive committee:
 - 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 Group where he was intimately involved in the group's international success until its acquisition by Cameron, a leading equipment supplier with over \$5 billion in sales.
 - 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 50™, 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.
- Sales backlog stood at \$12.9 million on October 1, 2010, an increase of 32% from the last quarter. Subsequent to quarter-end, ProSep announced an additional US\$1.5 million in new contracts.

"Our sales backlog increased by 32% by the end of the third quarter. During the first half of the year, we started experiencing record levels of bidding activity. We are now seeing increased order intake and expect this momentum to continue and start generating revenue growth before the end of the year and during 2011," said Jacques L. Drouin, President and CEO. "Our strong customer base in the US, South America and Asia helped improve our backlog with additional orders for spare parts and service. We also entered a promising new market with the conclusion of a significant purchase order for the Canadian Oil Sands market."

"To continue improving our global reach and promote best practices in engineering and operations, we recently added two new members to our executive committee. Our objective is to achieve the same level of operational excellence and seamless execution across all operations and unlock significant value residing in some of ProSep's proprietary step-change technologies," added Mr. Drouin.

Selected Financial Highlights

	Quarter ended September 30		Nine-months ended September 30	
	2010	2009	2010	2009
Revenue	\$8,140,093	\$9,186,352	\$26,200,779	\$31,689,103
Gross margin	\$1,965,872	\$2,662,404	\$7,115,497	\$9,595,524
Gross margin percentage of sales	24.2%	29.0%	27.2%	30.3%
EBITDA* (loss)	\$(841,379)	\$(632,693)	\$(1,765,969)	\$(306,936)
Net loss	\$(1,544,990)	\$(3,440,258)	\$(3,154,374)	\$(12,572,626)
Basic and diluted loss per share	\$(0.01)	\$(0.03)	\$(0.02)	\$(0.14)
Weighted average number of shares (basic and diluted)	191,767,990	130,840,835	177,227,930	86,819,126
As at:	September 30, 2010		December 31, 2009	
Working capital	\$4,966,813		\$4,742,925	
Total Assets	\$47,242,747		\$53,395,309	
Long-term debt	\$10,680,456		\$11,689,450	
Shareholder equity	\$21,075,732		\$19,962,631	

*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

Revenues

ProSep reported revenues of \$8.1 million during the third quarter of 2010, an 11% decrease from \$9.2 million during the same period in 2009. For the nine-month period ended September 30, 2010, revenues stood at \$26.2 million, a 17% decrease from \$31.7 million during the nine-month period of 2009.

On a year-to-date basis, growth at the *European and Middle East operations* (which is mostly focused on the Company's proprietary offering) was offset by decreased revenue at the *Asia Pacific* and *US operations*. Overall, lower order intake following residual weakness in upstream capital expenditure programs, increased competition, delays in contract completion at the Asian operation and unfavourable USD/CAD exchange rates explain most of the variance. On October 1st, 2010, ProSep's backlog stood at \$12.9 million, which excludes the US\$1.5 million in new contracts announced subsequent to quarter end.

Gross Margins

ProSep reported gross margins of \$2 million or 24% of revenues during the third quarter of 2010 compared to \$2.7 million or 29% of revenues during the same period last year. For the nine-month period ended September 30, 2010, gross margin represented 27% of revenues, or \$7.1 million, compared with 30% or \$9.6 million during the first nine month period of 2009.

During the third quarter, gross margins were in-line with recent historical performance at the *US* and *European and Middle East operations*. Significantly lower margins (7%) from the *Asia Pacific operations* explain most of the variance. Rapid growth at the Company's Asian operations explains some difficulty that occurred in certain contract completions. Necessary steps have been taken to provide this business unit with additional resources and improve control over procurement, operations and execution. The nomination of a Senior Vice President of Operations is in line with the Company's determination to maintain its reputation for quality and seamless execution.

EBITDA and Net Loss

EBITDA was negative \$0.8 million for the third quarter of 2010 compared to negative \$0.6 million during the same period of 2009. Despite the Company's ability to reduce operating expenses, residual weakness in the industry and unfavourable currency exchange rates led to a negative year-to-date EBITDA of \$1.8 million compared with negative \$0.3 million for the same period in 2009.

For the most recent quarter, ProSep reported a net loss of \$1.5 million (\$0.01 per share), compared to a net loss of \$3.2 million (\$0.03 per share) during the third quarter of 2009. On a year-to-date basis, net loss stands at \$3.2 million compared to \$12.6 million for the equivalent period of last year. In 2009, 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 191,767,990 Common Shares outstanding during the third quarter. At September 30, 2010, 191,798,008 Common Shares were issued and outstanding compared to 163,255,910 at the corresponding date of 2009. At September 30, 2010, ProSep held cash and cash equivalents of \$2.5 million compared with \$7.7 million as at December 31, 2009.

Conference Call and Webcast Details

ProSep will host a conference call and webcast on Thursday, November 11, 2010 at 8:30 a.m. (EST) to review the financial results and highlights of the quarter. To access the conference call by telephone, dial **1-416-981-9024** or **1-800-909-4147**. 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 # 21487088.

Regulatory Filings

ProSep filed its quarterly unaudited consolidated financial statements for the three and nine-month periods ending September 30, 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.prosepinc.com.

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, gas and water 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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