

# Investor Presentation

June 2011



Together, creating pure  
oil, gas and water.

# 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](http://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.

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# ProSep

is a **technology-based** process solutions provider for the upstream oil and gas industry.

The Company designs, develops, manufactures and commercializes technologies to separate oil, gas and water generated by oil and gas production.



# Industry Fundamentals



Together, creating pure  
oil, gas and water.

# Beyond Easy Oil

Unconventional O&G

Offshore

Aging wells

Regulation



# Growth Drivers

**Energy demand**  
to grow by 2035

Gas: +44%

Oil: +18%

# Supply challenges

- Aging fields
- Challenging reserve replacements
- Raising production capacity

# Growth Drivers

**1** barrel

**OIL**

=

**3** barrels

**WATER**



**98%** water at end of production life

# Technology : Key to Future Energy Supply

Declining capacity  
Sensitive environments  
Limited space offshore  
Increasing H<sub>2</sub>O / H<sub>2</sub>S  
Heavier oil  
Demand for subsea separation

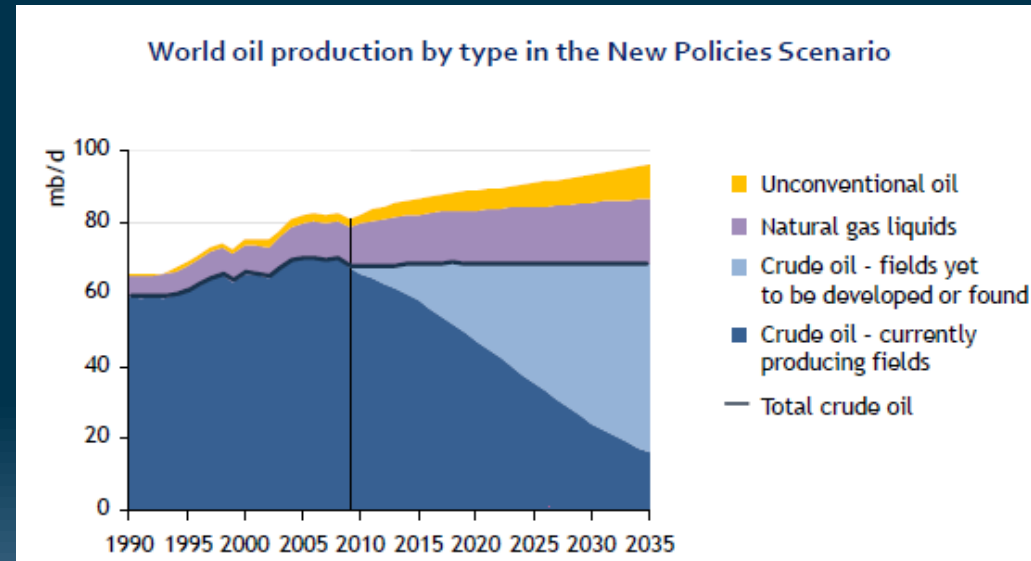
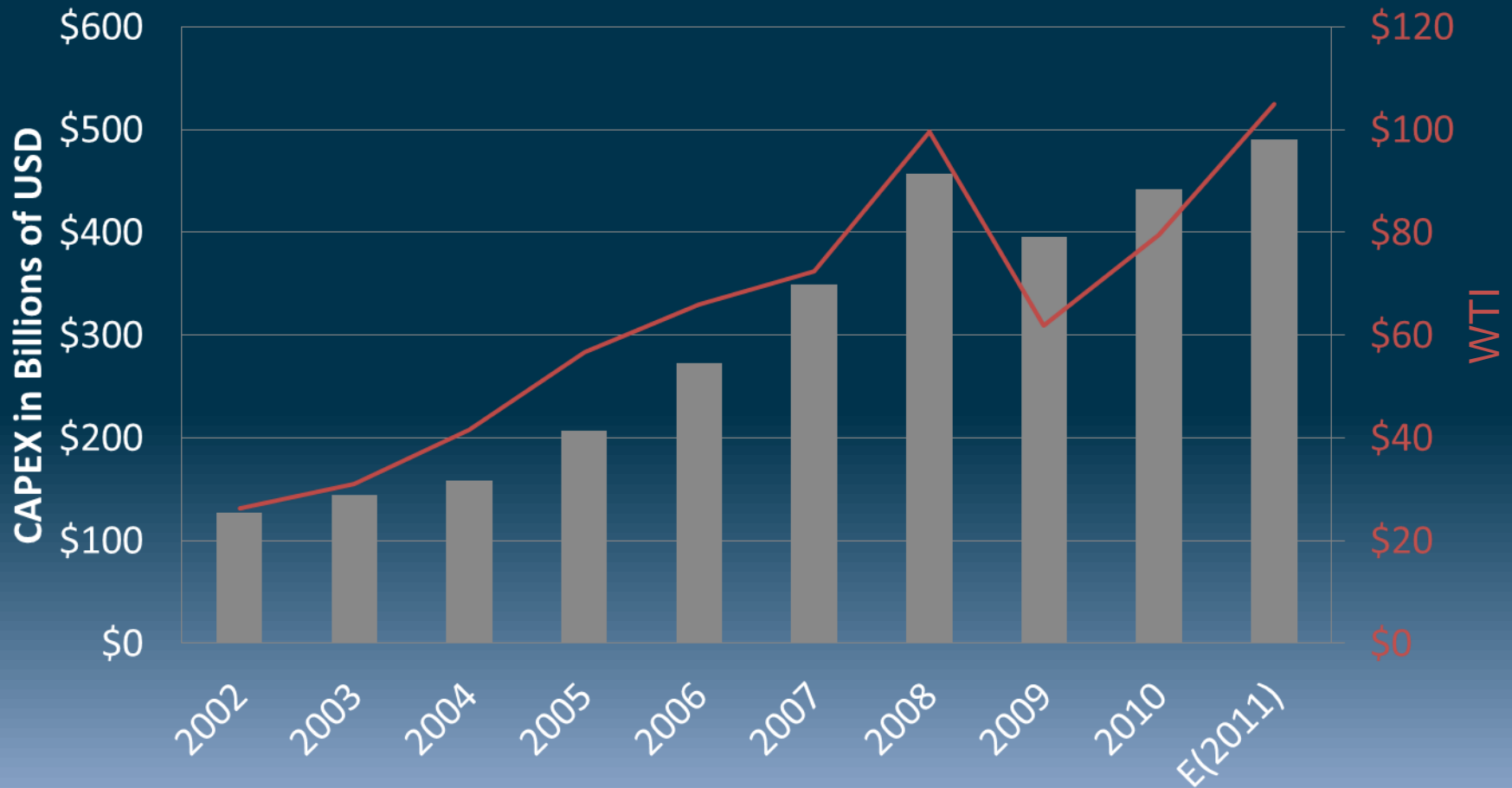


Figure: World Energy Outlook, IEA, 2010

# Industry Capex\*

**12%** growth in 2011\*



\*Dahlman Rose & Co Analyst James Crandell, Semi-annual E&P Investment Survey released in June 2011 (formerly a Barclay's Capital).

# Customer Capex\*

21% growth in 2011\*



Logos: ProSep selected customers/end users  
\*See 2011 Q1 MD&A « selected customers and targeted end-user's 2010-2011 spending budget »<sup>11</sup>

# About ProSep



Together, creating pure  
oil, gas and water.

# Global Operations

**USA** (Houston)

**Canada** (Montreal)  
Head office

**Norway** (Haugesund)

ProSep | KOLON

**South Korea**  
(Seoul)

**Malaysia** (KL)

+ 120 engineers and professionals worldwide

+ 20 agents in key locations

+ \$300 million installed – over 150 projects delivered

Impeccable track record: close to nil LTI - less than \$50,000 LD

Assembly facility in Houston 55,000 sqf.

ISO 9001:2008

# Committed Team

## Executive Committee

Jacques L. Drouin  
President & CEO, Director

Claude Samson, CA, MBA  
CFO & Corporate Secretary

Gary Blizzard, eng., MBA  
EVP Process Engineering and Product  
Development

Doug A. Campbell, P.eng, MBA  
EVP Sales and Business Development

Parag Jhonsa, eng  
EVP Operations

Lew Mologne, P.eng  
General Manager, American Operations

Matthew Rummer, P.eng  
General Manager, Asia Pacific Operations  
COO ProSep Kolon

## Board of Directors

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

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

Paul Coppinger  
Former President CIRCOR Energy Products

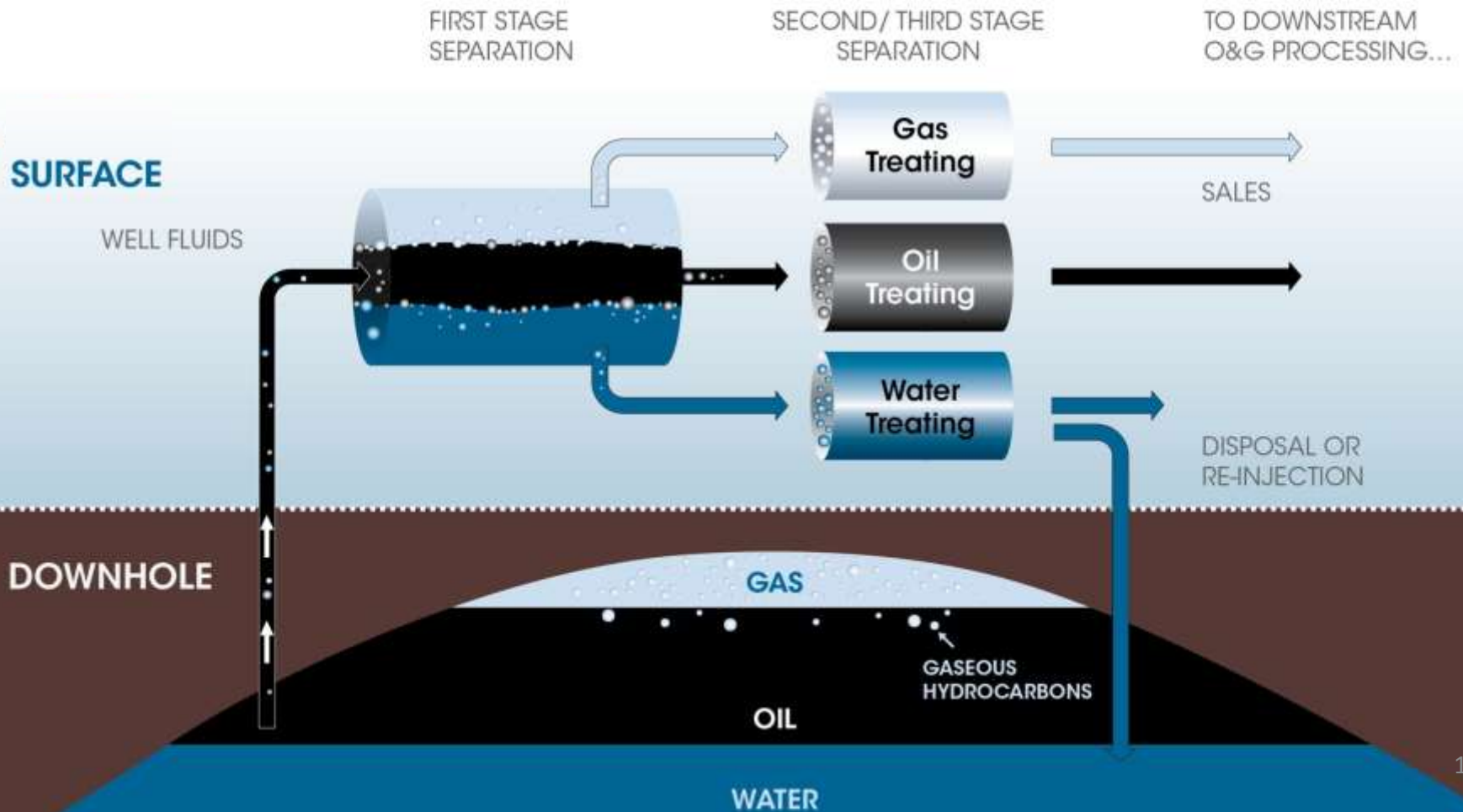
Claude Fontaine  
Former Partner Norton Rose and Former Director  
Petro-Canada

David Laidley, FCA  
Chairman Emeritus Deloitte & Touche

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

Joseph Wilson  
Former Senior VP, NATCO

# Upstream Process Solutions



# ProSep's Offering

Oil



Proprietary Desalting  
Primary Separation  
Single and Multistage  
FWKO  
Vane Inlet Devices  
Inlet Cyclonic Device  
Swirl Device  
Dehydration  
Heater Treater  
Mechanical & Electrostatic  
Dehydration  
Desalting  
Single and Multi-Stage

Gas



Proprietary Sweetening  
and Dehydration  
Sweetening  
CO<sub>2</sub> Separation Membranes  
Amine  
Scavengers  
Conditioning  
Hydrocarbon Dew Pointing  
Fuel Gas Conditioning  
Tri Ethylene Glycol (TEG)  
Scrubbers & Demisters  
Mesh Pad  
Vane Pack  
Demisting Cyclones

Water



Proprietary Polishing Solutions  
Primary Separation  
Corrugated Plate Interceptor (CPI)  
Vertical Skimmer  
Liquid-Liquid Hydrocyclone  
Secondary Separation  
Flotation Systems  
Vertical Induced Gas Flotation (IGF)  
Horizontal Multi-Cell Hydraulic Flotation Unit  
Tertiary Separation  
Deep Bed Nutshell Filter  
Seawater Treatment

# Product Development

- 60+ Patents
  - JIP with Statoil, Total, ConocoPhillips
  - Research lab in Norway
- 
- An offshore oil platform is visible in the background, situated in the middle of a dark blue ocean under a clear sky. The platform is a complex structure with various levels, cranes, and a central tower, supported by a yellow and black steel jacket.
- Industry leading produced water offering
  - Three OTC Spotlight on Technology Awards

# Step-Change Technologies

- Replace large systems
- Lower life cycle costs
- Reduce CAPEX
- Exceed environmental regulation



We « polish »  $\frac{2}{3}$  of all produced water on the Norwegian Continental Shelf

# Value Proposition

Oil

Gas

Water

ProSalt / ProMix

ProDry / ProScav  
CO2 Membrane Systems

TORR / Ctour

ProSalt + Heater Treater  
ProMix + Separator

ProDry + TEG

TORR + IGF  
Ctour + Hydrocyclone  
Ctour + TORR

- 40% less fresh water consumption
- 30% less chemical consumption
- 60% less pressure drop

- 30% less chemical consumption
- Smaller footprint and weight
- Lower CAPEX (metallurgy)

- OiW to less than 5ppm
- Less chemical consumption
- Smaller footprint and weight
- Easy to operate

Improve separability and production

Reduce capital investment and maintenance costs

Reduce EOR costs and meet strictest regulation

# Selected Opportunities

(proprietary)

ProSalt	ProMix	ProScav	ProDry
Crude Desalting	Chemical Injection	Gas Sweetening	Gas Dehydration
Saudi Arabia	Mexico	Oman	Subsea production site
90 mixers	10 mixers	11 mixers	1 mixer
\$50 million	\$10 million	\$2 million	Potential savings of \$400 million per site

# What the Industry Says...

“*[ProSalt...]* will enable the company to save about **450 million** gallons of wash water a year, thus conserving one of Saudi Arabia’s natural resources.”

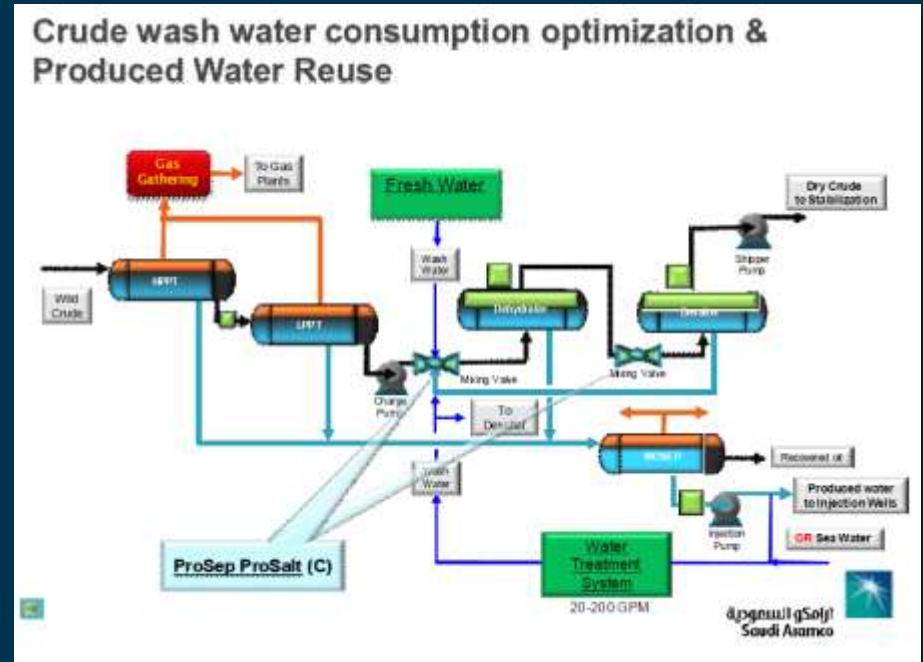
*The Arabian Sun  
Saudi Aramco publication  
Vol. LXIV, No. 26, July 2009.*



# Key Initiatives

Water conservation program at Saudi Aramco:

1. Maximize water reuse (industrial and sanitary)
2. Optimize water consumption



Identified solution:  
ProSalt

# Selected Projects (2010)



Pemex  
(Gulf of Mexico, offshore)  
Water treatment system,  
oil/water separation



Source: [www.bp.com](http://www.bp.com)

BP  
(Valhall)  
Four Produced Water Treatment  
System valued at \$3.6 Million  
Norwegian Continental Shelf

# Selected Projects

(2010)



Chevron  
(Platong Gas II)  
Fuel Gas System  
Valued at \$3.7 Million  
Gulf of Thailand



Shell/Petronas/Conoco  
(Gumusut-Kapap)  
Glycol Regeneration Package  
Valued at \$3.3 Million  
South China Sea

# Selected Projects (2010)



Ecopetrol  
(Cupiagua)  
CO<sub>2</sub> Gas Membrane Skids  
Valued at \$13 Million  
Columbia



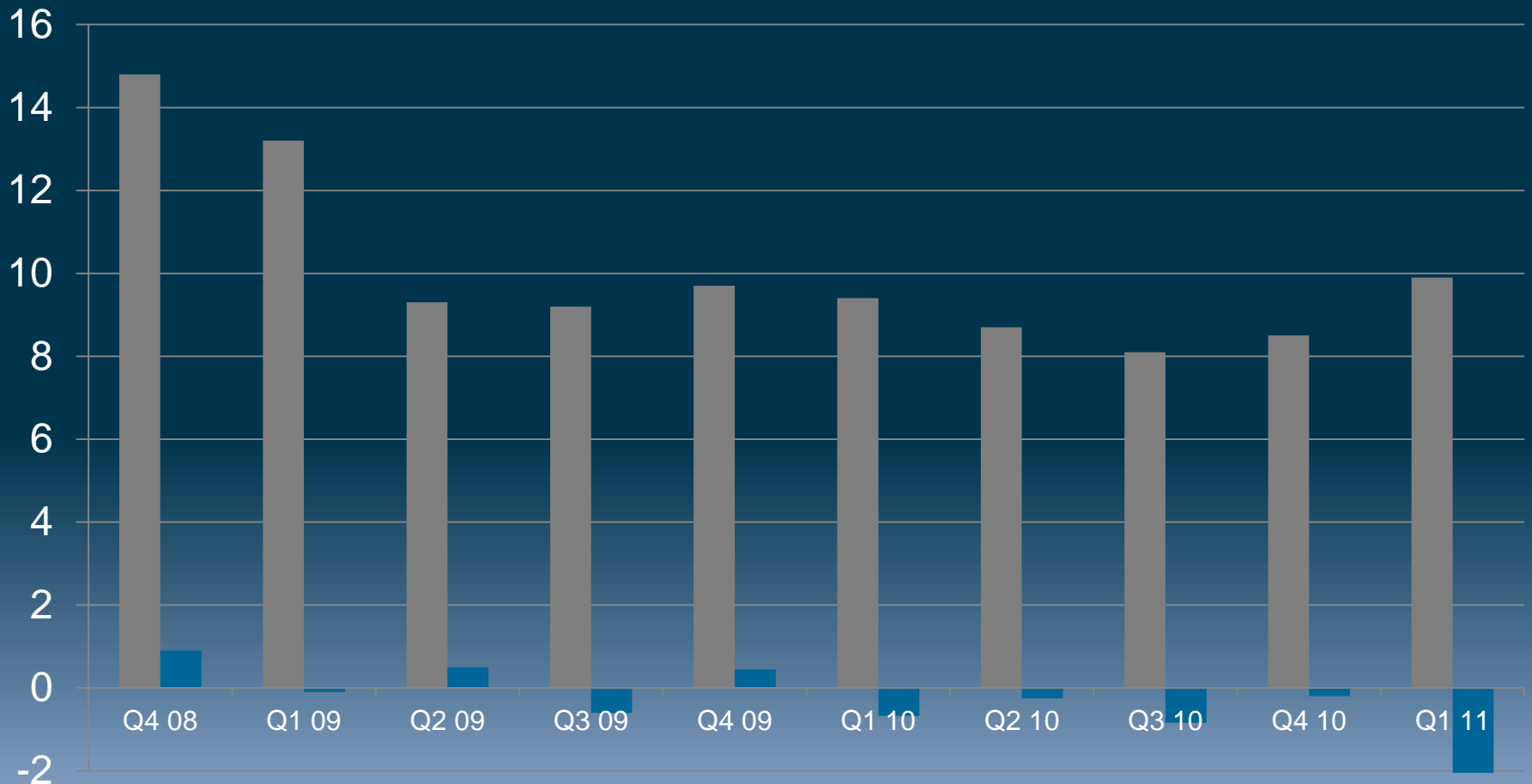
Whiting Petroleum  
(Wickett CO<sub>2</sub> Removal Facility)  
CO<sub>2</sub> Gas Membrane Equipment  
Valued at \$3.5 Million  
West Texas, United States

# Financials



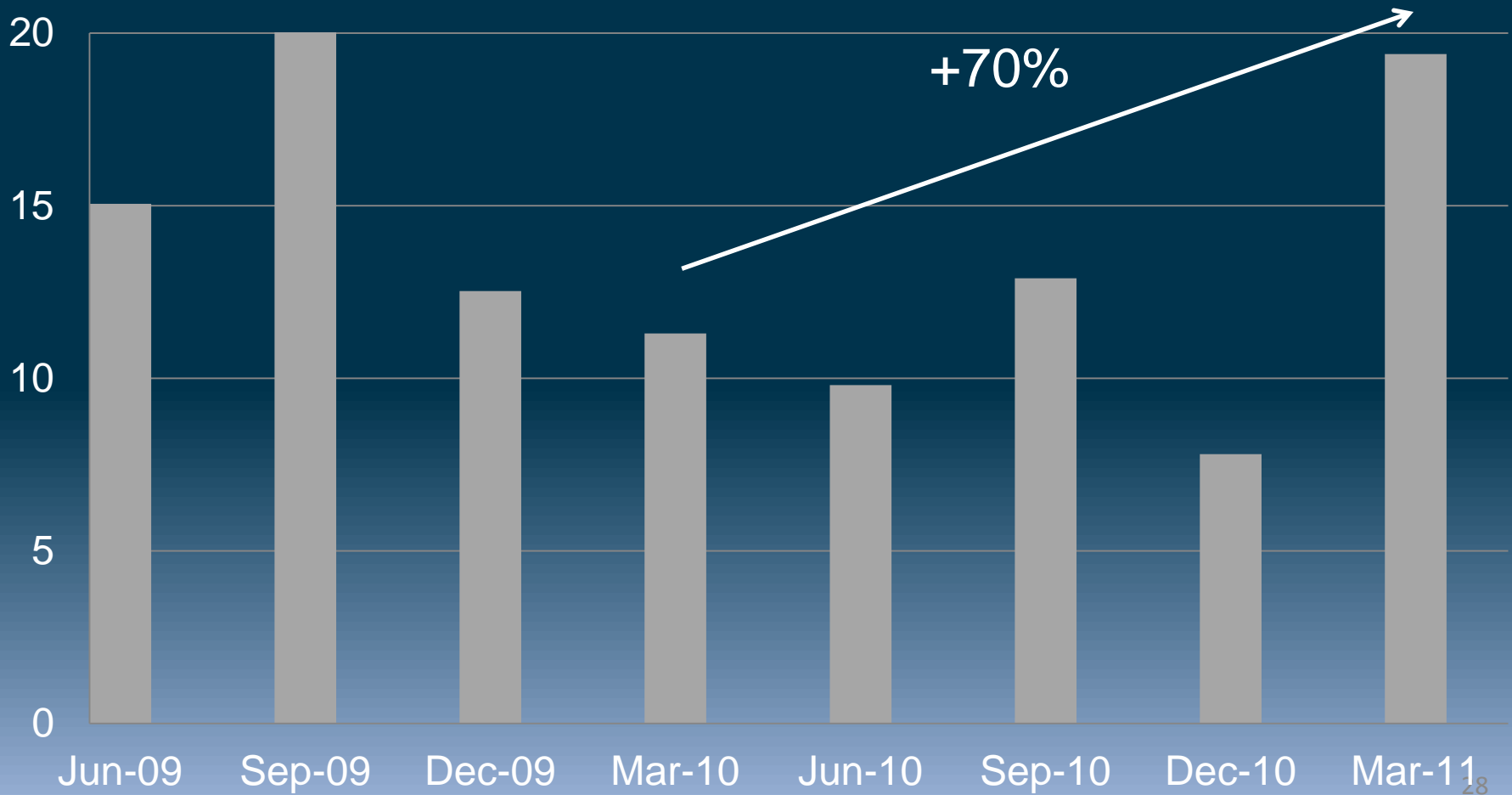
Together, creating pure  
oil, gas and water.

# Quarterly Revenue and EBITDA (in millions of CAD)



# 2009-2011 Backlog

(in Millions of CAD)

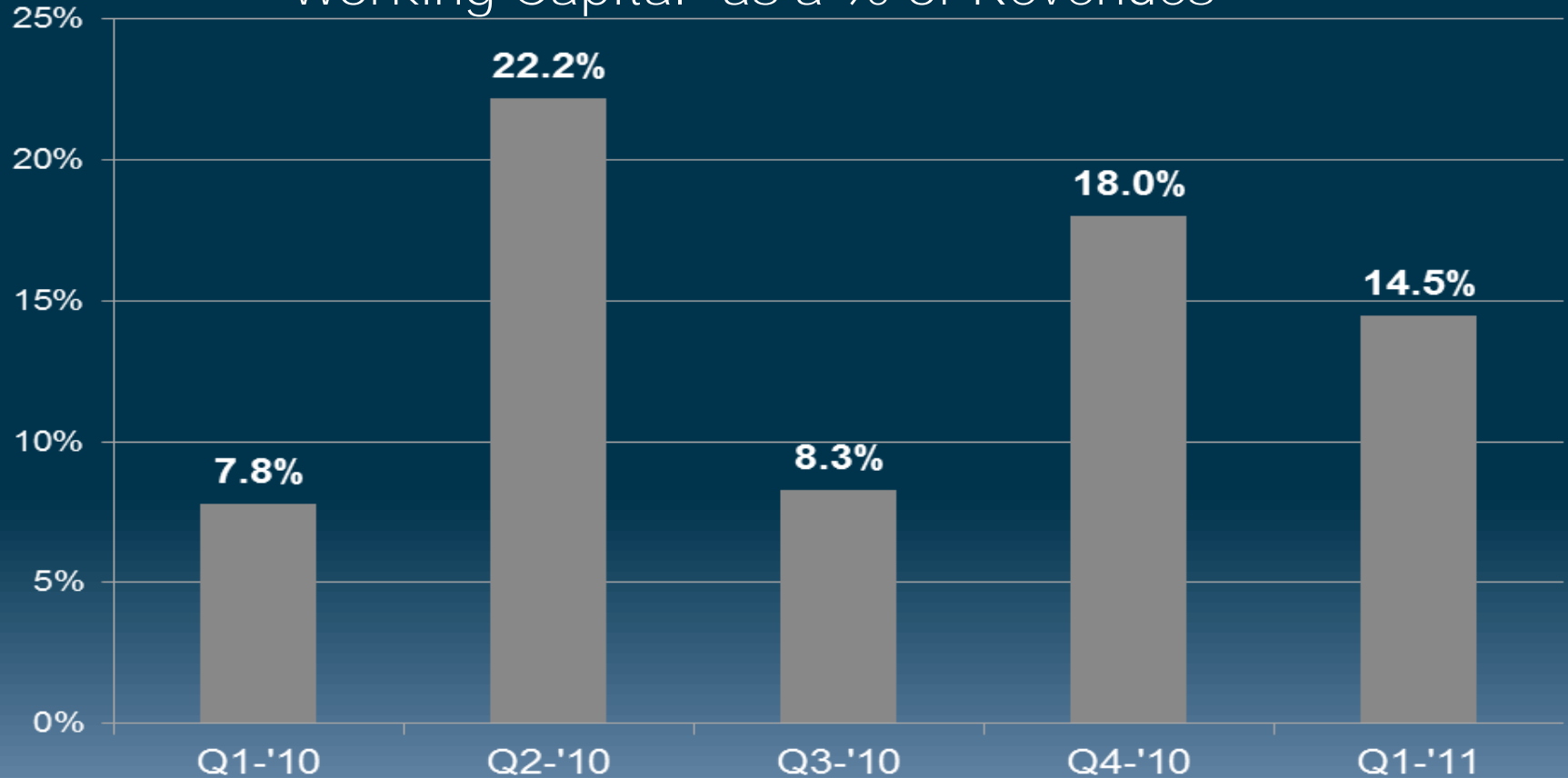


# Statements of Financial Position

In Millions of CAD	March 31, 2011	December 31, 2010
<b>Assets</b>		
Cash and restricted cash	0.7	3.9
Trade and other receivables	16.3	12.9
Other current assets	2.1	1.5
<b>Investments</b>	<b>4.7</b>	<b>3.7</b>
Property and equipment	2.4	2.5
Intangible assets	21.0	21.5
<b>Total assets</b>	<b>47.2</b>	<b>46.0</b>
<b>Liabilities</b>		
Senior overdraft facility and borrowings	7.5	6.3
Trade and other liabilities	10.8	7.7
Other current liabilities	2.3	0.4
<b>Borrowings</b>	<b>8.9</b>	<b>10.4</b>
Other non current liabilities	1.1	1.1
<b>Total liabilities</b>	<b>30.6</b>	<b>25.9</b>
Total equity	16.6	20.1
<b>Total equity and liabilities</b>	<b>47.2</b>	<b>46.0</b>

# Working Capital

Working Capital<sup>1</sup> as a % of Revenues<sup>2</sup>



<sup>1</sup> Working capital: Trade and other receivables + Inventories + Prepaid expenses + Restricted Cash – Trade and other liabilities – Deferred Revenue

<sup>2</sup> Trailing 12 months revenue

# Strategy



Together, creating pure  
oil, gas and water.

# Becoming the next leading independent O&G process solutions provider



# The Stars are Aligned!

- Crude oil prices
- Strong global demand
- Upstream Capex
- Regulation
- Industry consolidation
- Capital markets

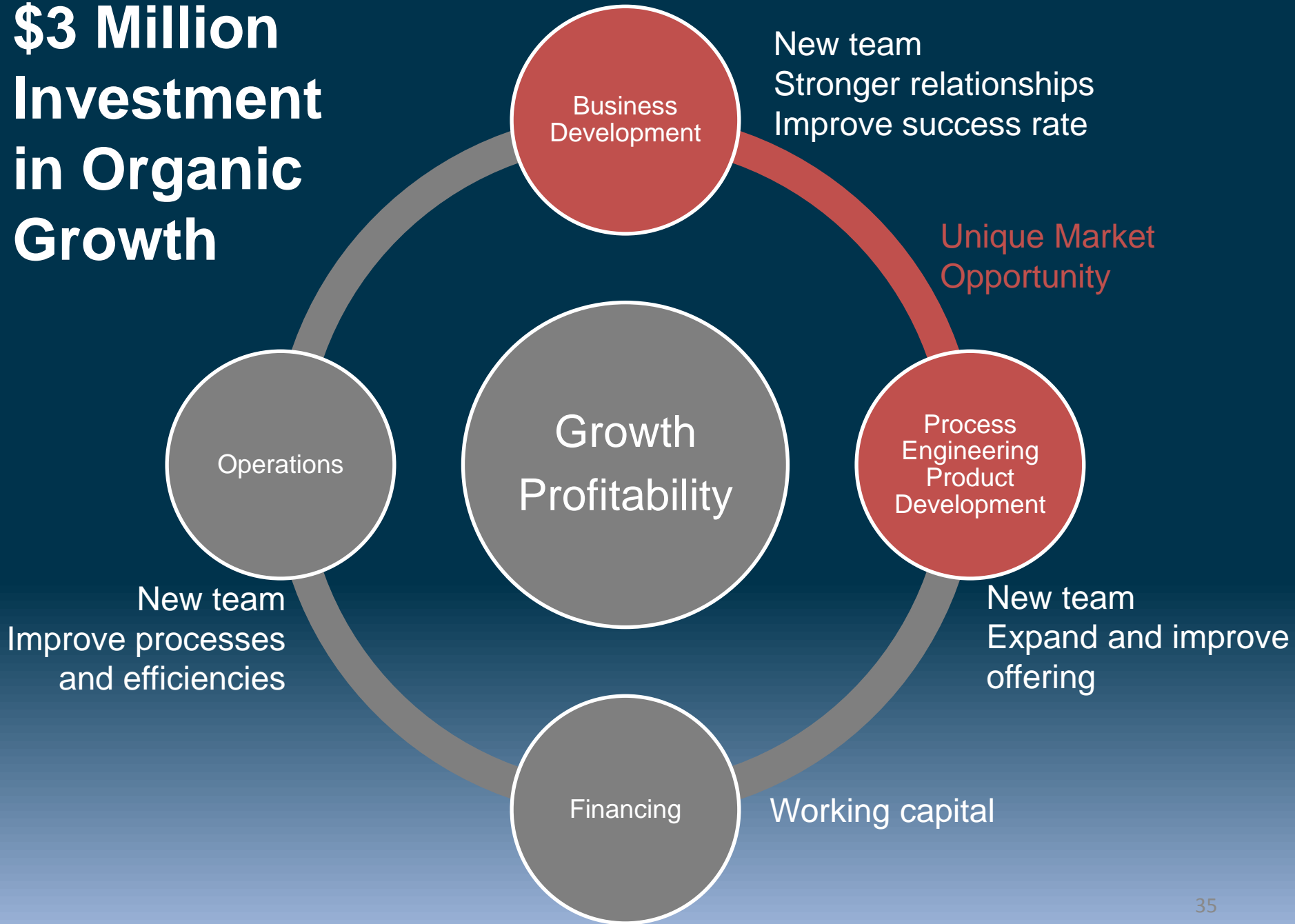
*It's  
the start  
of a new  
cycle!*

# Strategic Plan

- 1. Build industry leading team of process engineers and BD**
- 2. Strengthen position in growth markets / develop local content**
- 3. Integrate proprietary technologies in conventional processes**
- 4. Create maintenance and service offerings**
- 5. Move from decentralized structure to a matrix organization**

Accelerate growth, gain market share,  
increase revenues & profitability.

# \$3 Million Investment in Organic Growth



# \$2 Million Investment in ProSep Kolon

## Joint Venture

- 51/49 ProSep / Kolon Group
- fully funded

## Growth Market

- FPSO shipbuilders in Korea and China

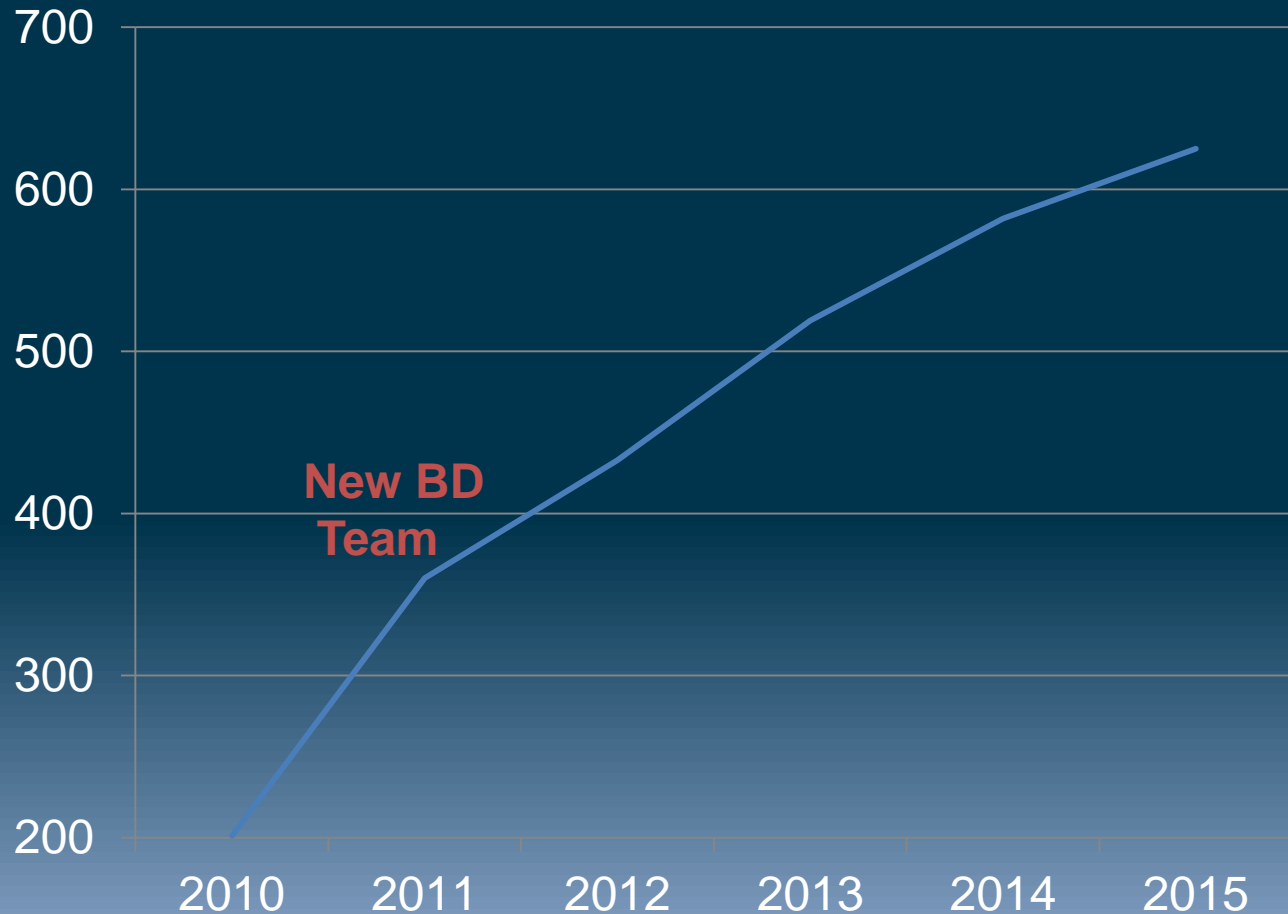
## Strong Partner

- Largest South Korean diversified industrial group
- \$7 Billion in sales
- Premier water treatment group in South Korea



# Increasing pipeline

(in millions of CAD)



\$4 billion  
estimated  
market size

Increase hit  
rate from  
15% to 40%



**Together  
Creating  
PURE OIL,  
GAS and  
WATER**



**Presented by  
Jacques L. Drouin  
President & CEO**

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dste-marie@prosep.com**



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