

# 2011 THIRD QUARTER FINANCIAL RESULTS

Conference Call – November 10<sup>th</sup>, 2011



Together creating pure  
oil, gas and water.

# FORWARD-LOOKING STATEMENTS

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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.

# 2011 THIRD QUARTER HIGHLIGHTS

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## FINANCIAL

- \$6.9 million in revenues (16% decrease compared to Q3 2010) due to lower order intake in the last two quarters
  - Gross margin of \$2.2 million (32% of revenues) vs \$2.0 million (24%) in Q3 2010
  - EBITDA of negative \$2.3 million vs negative \$0.8 million in Q3 2010
  - Loss for the period of \$2.5 million vs a loss of \$1.5 million in Q3 2010
- \$9.5 million quarter-end backlog (up 22% from the beginning of the year). Current backlog is approximately \$19 million
  - Closing of a \$11.1 million tranche from a non-brokered private placement of up to \$15 million on October 14

# 2011 THIRD QUARTER HIGHLIGHTS

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## COMMERCIAL

- \$2.8 million in new signings in Q3 and \$11.7 million in the first weeks of Q4
  - \$40 million in total signings year-to-date (as of today) vs. \$23 million for entire twelve-month period of last year
  - Conclusion of an important distribution agreement with Flint Energy Services, Ltd.
  - First contract (\$2.7 million) for ProSep's newly introduced seawater treatment and water injection systems offering
  - Sale of the Company's largest offshore produced water treatment system in South-East Asia for \$6.5 million
- Sale of proprietary desalting technology to a leading Latin American Oil and Gas producer further to demonstrating many value-adding benefits at the client's installations
  - Contract to test ProSep's novel injection and mixing technology initiated at a leading Saudi Arabian producer to demonstrate superior performance vs. current processes
  - Initiated development of field tests at various customer locations for ProSep's proprietary dehydration system, biodegradable flocculant and produced water treatment

# 2011 THIRD QUARTER HIGHLIGHTS

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## OPERATIONS

- Hired Michael M. Browne, P. Eng., as President and General Manager of ProSep (USA) Inc.
- Hired additional resources to support expected growth at the Asia Pacific business unit and South Korean joint venture ProSep Kolon
- Exceptional Health Safety and Environment (“HS&E”) track record and zero Total Recordable Incident Rate (“TRIR”) for two years
- Completed ISO 9001:2008 certification of all business units

# SELECTED FINANCIAL HIGHLIGHTS

In CAD millions	Quarters ended September 30		Nine-months ended September 30	
	2011	2010	2011	2010
Revenue	\$6.9	\$8.1	\$26.4	\$26.2
Gross margin*	\$2.2	\$2.0	\$6.6	\$7.1
Gross margin as a percentage of revenues	32%	24%	25%	27%
EBITDA** (loss)	(\$2.3)	(\$0.8)	(\$6.4)	(\$1.7)
Loss for the period	(\$2.5)	(\$1.5)	(\$7.9)	(\$3.1)
Basic and diluted loss per share	(\$0.01)	(\$0.01)	(\$0.04)	(\$0.02)
Weighted average number of shares	192,836,595	191,767,900	192,384,546	177,227,930
<b>As at:</b>	<b>September 30, 2011</b>		<b>December 31, 2010</b>	
Net Invested Working Capital***	\$2.0		\$6.2	
Total Assets	\$40.4		\$46.1	
Borrowings	\$9.0		\$10.4	
Equity	\$12.7		\$20.1	

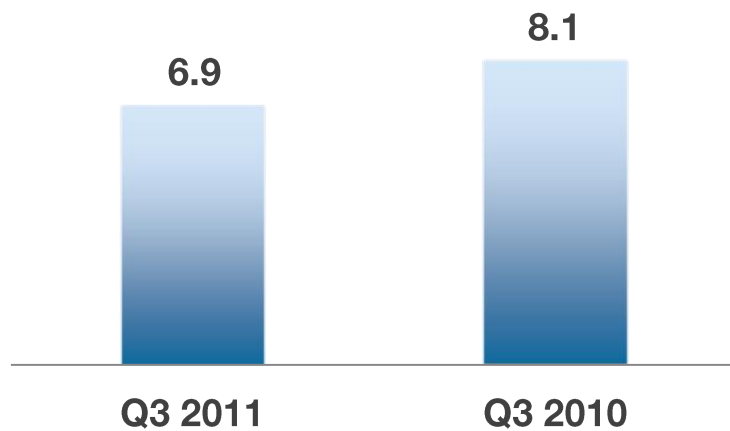
\* Gross margin is a non-IFRS financial measure and the Company defines it as margin excluding amortization expenses.

\*\* EBITDA is a non-IFRS financial measure and the Company defines it as earnings or loss from operations excluding amortization, financial charges and income taxes.

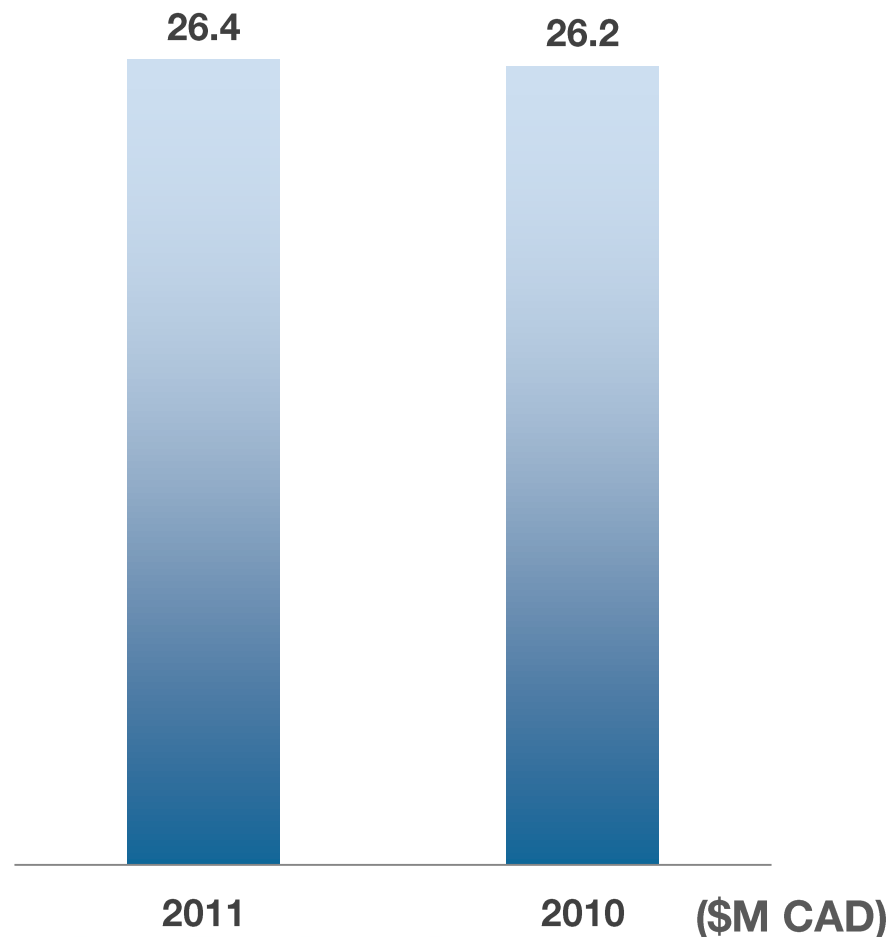
\*\*\* Net Invested Working Capital is a non-IFRS financial measure and the Company defines it as follows: (Restricted cash + Trade and other receivables + Inventories + Prepaid expenses) - (Trade and other liabilities + Deferred revenue).

# FINANCIALS - REVENUE

## QUARTER ENDED SEPTEMBER 30

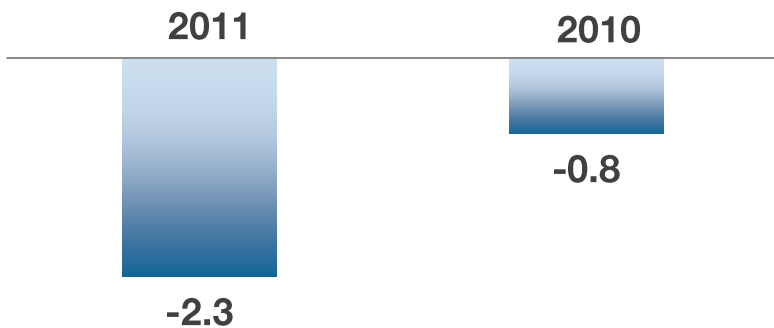


## NINE-MONTHS ENDED SEPTEMBER 30

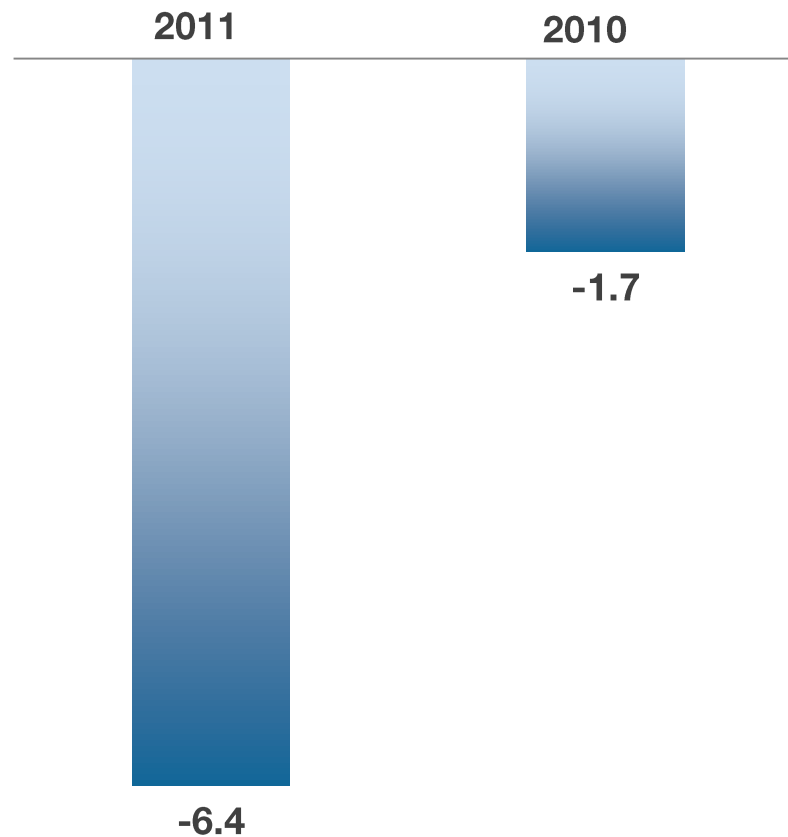


# FINANCIALS - EBITDA

## QUARTER ENDED SEPTEMBER 30



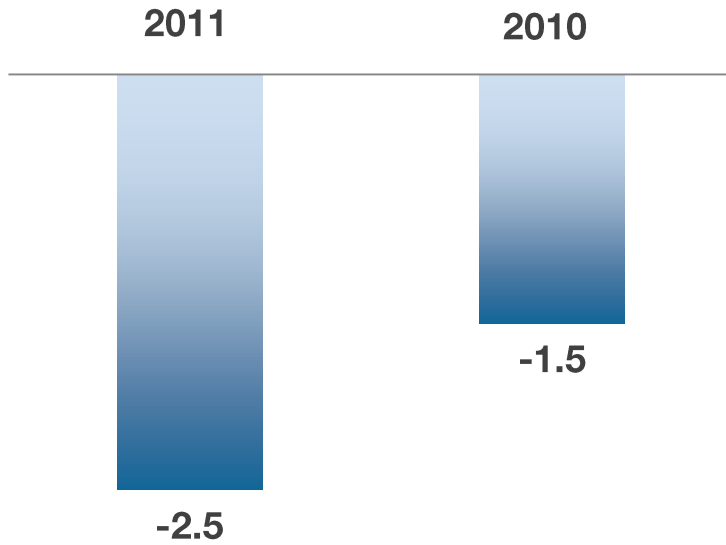
## NINE-MONTHS ENDED SEPTEMBER 30



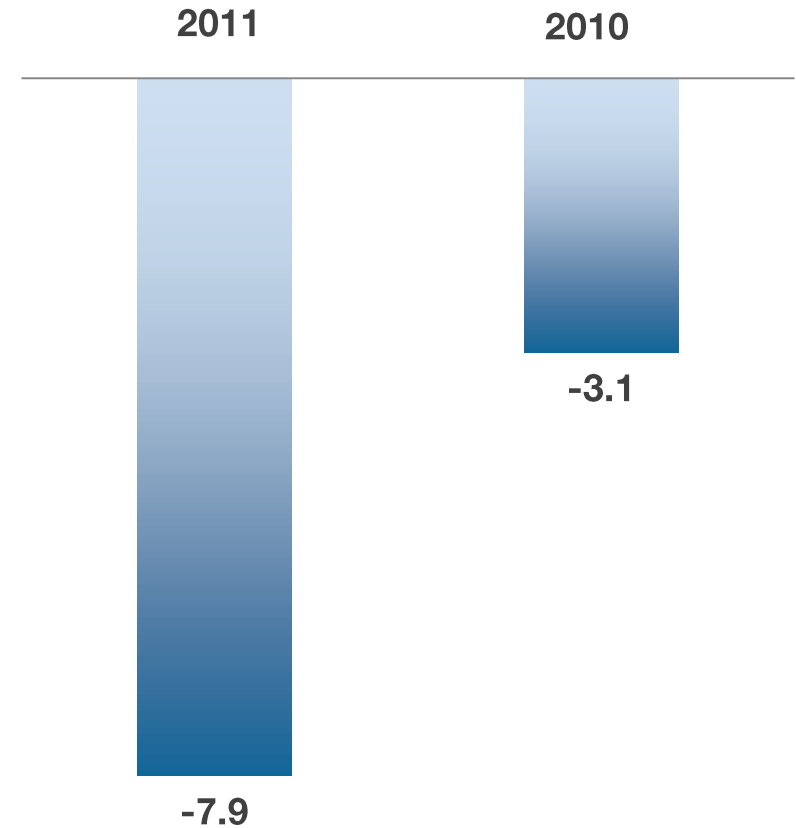
(\$M CAD)

# FINANCIALS – LOSS FOR THE PERIOD

## QUARTER ENDED SEPTEMBER 30



## NINE-MONTHS ENDED SEPTEMBER 30

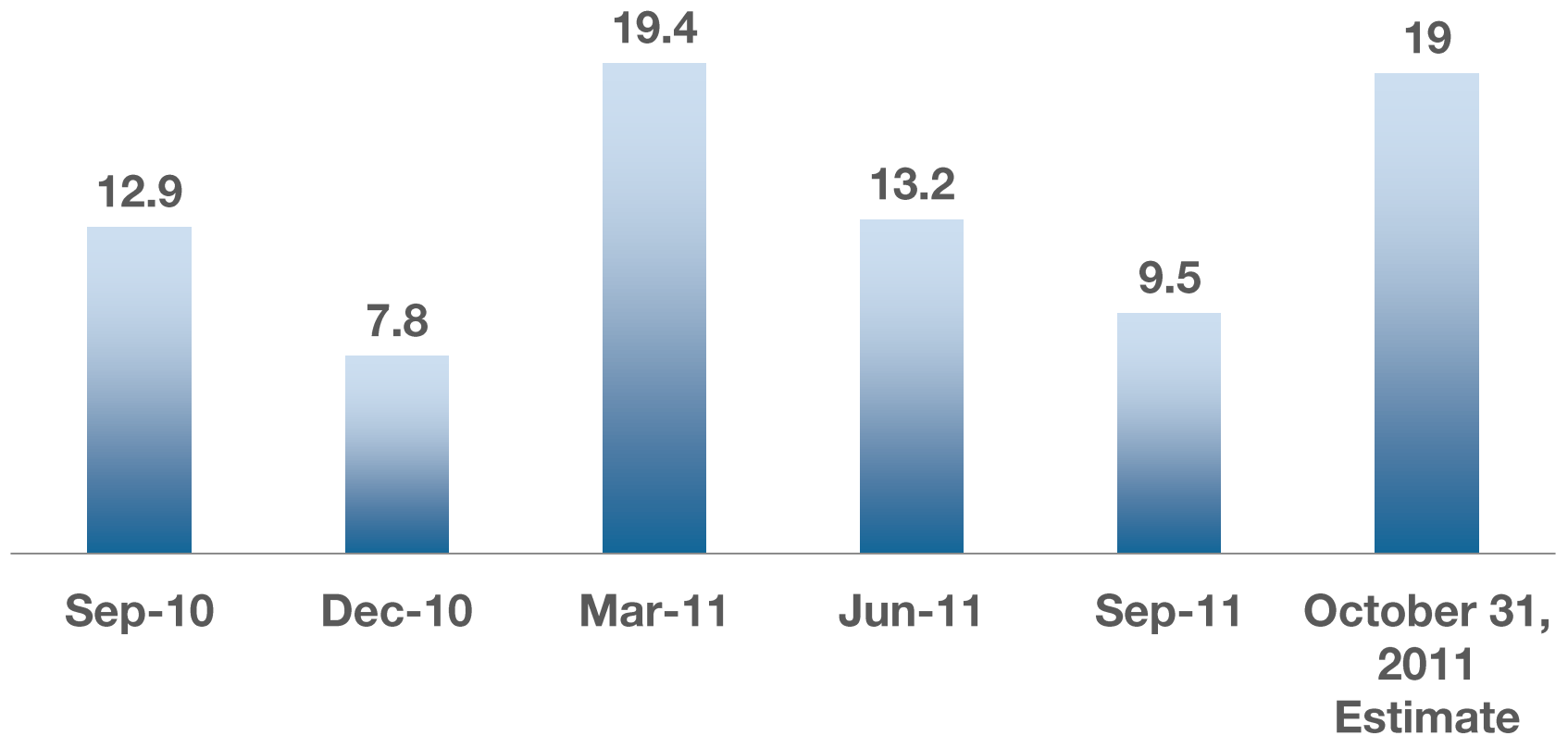


(\$M CAD)

# BACKLOG

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## QUARTERLY BACKLOG



**Together  
Creating  
Pure OIL  
GAS and  
WATER**



Presented by  
Jacques L. Drouin, President and CEO  
and  
Claude Samson, Chief Financial Officer and Corporate Secretary

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