

PROSEP REPORTS SECOND QUARTER 2008 FINANCIAL RESULTS

- Quarter marked by revenue growth of 61% and first-ever positive EBITDA -

MONTREAL, QUEBEC – August 13, 2008 - ProSep Inc. (TSX: PRP), dedicated to providing process solutions to the oil and gas industry, today announced its financial results for the three and six month periods ended June 30, 2008. All amounts are reported in Canadian dollars unless otherwise stated.

Highlights of the Second Quarter

- Revenues were \$15.1 million, up 61% from \$9.4 in the second quarter of 2007.
- EBITDA* was \$1.4 million, marking the Company's first-ever quarter of positive performance.
- Net loss was \$162,000 compared to a net loss of \$2.9 million in the second quarter of 2007.
- Signed customer agreements valued at \$24 million (US) to supply processing, treatment and separation equipment for use by the Kuwait Oil Company, Occidental of Elk Hills Inc., and Hudson Hope Gas Ltd.
- Completed a \$5.1 million private placement financing.
- Following shareholder approval, changed company name to ProSep Inc., and began trading under the symbol PRP on the Toronto Stock Exchange.

Highlights Subsequent to Quarter End

- Named Patrice Daignault as Chief Financial Officer and Corporate Secretary effective September 2, 2008.
- Appointed David Laidley, Chairman Emeritus of Deloitte & Touche LLP, to the Company's board of directors.
- Signed customer agreements valued at approximately \$10 million to supply process and separation equipment to be used by leading oil and gas companies, including BP Exploration Alaska and Petronas.

"Our second quarter results demonstrate that our strategy to reorganize the company along three geographic business units, implement focused global sales, diversify our product mix and reduce costs is delivering results," said Jacques L. Drouin, President and CEO, ProSep Inc. "Consistent with our plan, we improved our EBITDA performance, increased our revenue backlog, grew our customer base while reducing our expenses over the first quarter. In particular, generating EBITDA of \$1.4 million is a significant milestone as it represents our first-ever quarter of positive performance."

Financial Results

Consolidated revenues for the second quarter ended June 30, 2008 were \$15.1 million, up 61% from \$9.4 million in the second quarter of 2007. The growth is attributable to higher sales of the Company's traditional products that focus on the separation of gas, oil and water during upstream production activities. For the six month period ended June 30, 2008, ProSep's consolidated revenues were \$24.3 million compared to \$25.8 million generated in the first six months of 2007 when the Company, operating as TORR Canada, made a significant, single sale of its proprietary, water-treatment technology.

Gross profit for the second quarter of 2008 was \$4.4 million or 29% of revenues compared to a loss of \$1.6 million in the second quarter of 2007. For the six months ended June 30, 2008, ProSep's gross profit was \$7.1 million or 29% of revenues, compared to a loss of \$2.2 million in the first six months of 2007.

EBITDA for the second quarter of 2008 was \$1.4 million, compared to an EBITDA loss of \$2.6 million in the second quarter of 2007. For the six months ended June 30, 2008, EBITDA was \$935,836 compared to an EBITDA loss of \$4.5 million for the same period of 2007.

Sales and marketing expenses for the second quarter of 2008 were \$429,000, up 26% from \$341,000 in the second quarter of 2007. The majority of those expenses are related to salaries, travel expenses and professional fees paid to sales and marketing experts in Houston, Montreal and Norway. For the six months ended June 30, 2008, sales and marketing expenses were \$990,000, up from \$738,000 for the same period in 2007. The increase in sales and marketing expenses is the result of expanded operations resulting from the acquisition of Pure Group As in October, 2007.

Research and development costs in the second quarter of 2008 were \$265,000 compared with \$49,000 in the second quarter of 2007. For the six months ended June 30, 2008, total research and development costs were \$568,000 up from \$170,000 for the same period in 2007. The increase in research and development costs is also due to the expanded operations

General and administrative expenses, which include salaries, professional fees and offices infrastructure, were \$2.3 million for the second quarter of 2008 compared with \$640,000 for the second quarter of 2007. For the six months ended June 2008, general and administrative expenses totalled \$4.6 million compared with \$1.4 million for the six months ended June 2007. The growth in general and administrative expenses is also attributable to the expanded operations.

The net loss for the second quarter of 2008 was \$162,000 compared with a net loss of \$2.9 million in the second quarter of 2007. For the six months ended June 30, 2008, the net loss was \$3.5 million compared with a net loss of \$4.8 million for the same period in 2007.

As at June 30, 2008, ProSep held cash and cash equivalents of \$11.2 million.

ProSep will host a conference call to discuss its second quarter 2008 financial results on August 14 at 8:30 a.m. ET. The conference call will also be webcast live at www.newswire.ca and archived for 90 days at www.prosepinc.com.

**Earnings before interest, taxes, depreciation and amortization (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.*

About ProSep Inc.

ProSep Inc., formerly known as TORR Canada 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 contains forward-looking statements. Such statements inherently involve numerous risks and uncertainties. Actual future results may differ from the anticipated results expressed in the forward-looking statements contained in this press release and ProSep does not undertake to update this information. Investors are cautioned against placing undue importance on forward-looking information contained herein and should consult the final short form prospectus and the documents incorporated by reference therein, which contain a more exhaustive analysis of risks and uncertainties connected to ProSep's business.

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ProSep Inc.
(Formerly TORR Canada Inc.)
Consolidated statements of (loss) and comprehensive (loss)
For the three-month and six-month periods
ended June 30, 2008 and 2007
(Unaudited)

	Three months ended		Six months ended	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenue	15,140,834	9,401,716	24,257,877	25,816,413
Cost of goods sold	10,731,125	10,996,252	17,195,612	27,994,186
Gross margin	4,409,709	(1,594,536)	7,062,265	(2,177,773)
Expenses				
Sales and marketing	428,991	341,632	990,055	738,081
Research and development	264,578	49,467	567,783	169,907
General and administrative	2,339,243	640,592	4,568,591	1,404,213
	3,032,812	1,031,691	6,126,429	2,312,201
	1,376,897	(2,626,227)	935,836	(4,489,974)
Decrease in fair value of investment in ABCP	-	-	450,000	-
Financial charges	566,352	196,827	2,525,222	78,812
Amortization	377,284	105,008	741,141	222,362
Income (loss) before income taxes	433,261	(2,928,062)	(2,780,527)	(4,791,148)
Current tax provision	564,859	-	770,027	-
Future tax provision (recovery)	30,524	-	(50,618)	-
Income taxes	595,383	-	719,409	-
Net (loss) and comprehensive (loss)	(162,122)	(2,928,062)	(3,499,936)	(4,791,148)
Weighted average number of shares	62,556,566	46,700,673	62,556,566	46,698,509
Basic and diluted (loss) per share	(0.00)	(0.06)	(0.06)	(0.10)

ProSep Inc.
(Formerly TORR Canada Inc.)
Consolidated balance sheets
As at June 30, 2008 and December 31, 2007
(Unaudited)

	June 30	Audited
	2008	December 31
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	11,249,925	8,662,634
Restricted cash	1,063,142	1,055,846
Receivables	15,848,854	11,299,053
Deferred contract costs	70,034	66,048
Inventories	449,904	615,430
Prepaid expenses	662,278	418,222
Derivative financial instruments	-	12,450
	29,344,137	22,129,683
Long-term investment	6,750,000	7,200,000
Property and equipment	1,986,252	2,093,671
Goodwill	20,407,126	20,407,126
Intangible assets	8,191,400	8,530,759
Future tax assets	69,198	72,596
	66,748,113	60,433,835
Liabilities		
Current liabilities		
Bank credit facilities	11,161,027	10,602,541
Accounts payable and accrued liabilities	20,021,902	15,765,232
Deferred revenue	430,907	349,515
Derivative financial instruments	23,571	-
Current portion of long term debt	2,075,206	1,660,518
	33,712,613	28,377,806
Interest payable	651,493	651,493
Long-term debt	13,777,965	11,178,087
Future tax liabilities	1,108,776	1,162,791
Pension obligation	413,266	391,650
	49,664,113	41,761,827
Shareholders' equity		
Share capital	55,144,398	55,144,398
Contributed surplus	12,299,557	10,132,726
Deficit	(50,359,955)	(46,605,116)
	17,084,000	18,672,008
	66,748,113	60,433,835

ProSep Inc.
(Formerly TORR Canada Inc.)
Consolidated statements of cash flows
For the three-month and six-month periods
ended June 30, 2008 and 2007
(Unaudited)

	Three months ended		Six months ended	
	June 30		June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Operating activities				
Net loss and comprehensive loss	(162,122)	(2,928,062)	(3,499,936)	(4,791,148)
Items not affecting cash				
Stock-based compensation	118,722	155,518	254,719	330,561
Amortization of property & equipment	207,606	77,820	401,787	167,987
Amortization of intangible assets	169,678	27,188	339,354	54,375
Amortization of financing related costs	-	70,583	-	141,166
Accreted interest	77,448	123,746	139,179	237,530
Accrued interest on long term investment	-	(163,786)	-	(141,357)
Decrease in fair value of investment in ABCP	-	-	450,000	-
Periodic pension cost	12,400	-	21,616	-
Future income taxes	30,524	-	(50,618)	-
Change in fair value of derivative financial instruments	(203,977)	(161,150)	36,021	(187,000)
Unrealized exchange (gain) loss	(162,608)	-	1,322,106	-
	87,671	(2,798,143)	(585,772)	(4,187,886)
Changes in non-cash operating working capital items	(43,091)	2,683,520	(254,949)	(298,956)
	44,580	(114,623)	(840,721)	(4,486,842)
Investing activities				
Acquisition of property & equipment	(242,283)	(101,034)	(294,748)	(363,465)
Deferred costs	-	(562,609)	-	(562,609)
	(242,283)	(663,643)	(294,748)	(926,074)
Financing activities				
Change in bank indebtedness	-	(5,113,242)	-	(4,002,129)
Increase in long term debt	4,762,473		4,762,473	
Share issue cost	(141,777)		(141,777)	
Reimbursement of long-term debt	(893,609)	(586)	(897,936)	(1,158)
Issuance of share capital	-	-	-	1,667
	3,727,087	(5,113,828)	3,722,760	(4,001,620)
Effect of exchange rate on cash and cash equivalents	28,715	-	137,534	-
Increase (decrease) in cash and cash equivalents	3,500,669	(5,892,094)	2,449,757	(9,414,536)
Cash and cash equivalents, beginning of period	7,720,541	22,399,796	8,662,634	25,922,238
Cash and cash equivalents, end of period	11,249,925	16,507,702	11,249,925	16,507,702