

SEPROTECH SYSTEMS INCORPORATED

NEWS RELEASE

Canadian Timely Disclosure – For Release August 16, 2004

SEPROTECH CLOSSES \$567,500 NON-BROKERED PRIVATE PLACEMENT WITH CURRENT INVESTORS AND OTHERS AND COMPLETES DEBENTURE CONVERSION

Seprotech Systems Incorporated (SET-X; “Seprotech”) is pleased to announce the closing of its previously announced private placement of units with significant existing shareholders, Seprotech’s directors, management and certain other new and existing investors, raising gross proceeds for the company of \$567,500. The company intends to use the net proceeds of the financing for working capital purposes to carry out its business plan and to complete certain contracts.

The terms of the securities issued pursuant to the unit private placement were disclosed in a press release on August 11, 2004. Each unit consists of (a) an unsecured convertible debenture in the principal amount of \$1,000 maturing on March 31, 2005 and (b) 2,000 common share purchase warrants. The securities comprising the units, and the securities issuable upon the conversion or exercise as applicable of such securities, are subject to a four month hold period. The Company shall have the option to repay the principal under the debentures, in whole or in part, before the maturity date. Repayment would be made in *pro rata* multiples of \$50,000 and applied first to any accrued interest.

The principal amount of the debenture is convertible at any time at the option of the holder only at a price of \$0.20 per share. Interest shall accrue at 12%, compounded annually and payable in cash on the earlier of conversion of the principal amount of the debentures or at maturity. The debentures shall be unsecured, but shall have the benefit of a negative pledge prohibiting the Company from incurring any indebtedness other than the refinancing of the existing \$250,000 credit line on terms no more favourable to the holders thereof and trade payables and purchase money security interests incurred in the ordinary course of business.

Each warrant entitles the holder thereof, upon exercise and payment of the applicable exercise price of \$0.20 per share, to purchase at any time one common share of the Company for \$0.20 per share for maximum consideration of \$240,000. The warrants shall expire on the earlier of the date on which the principal and accrued interest on the debentures has been repaid in full and the maturity date of March 31, 2005.

The Company also confirms the completion effective as of July 31, 2004 of the conversion in advance of the February 12, 2005 maturity date of \$466,118.77 principal amount and accrued interest relating to its February 2003 secured convertible debentures to an aggregate 4,410,594 common shares of the Company, at conversion prices equal to the previously fixed conversion price of \$0.10 for the principal and \$0.20 for the accrued interest. The common shares issued on conversion of the accrued interest on such debentures are subject to a four month hold period.

Seprotech is a provider of environmental solutions in water and wastewater to the land development, industrial and military market place.

For Further Information, please contact:

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The TSX Venture Exchange has neither approved nor disapproved of the information contained herein.