

Material Change Report

1. **Name and Address of Company** - Seprotech Systems Incorporated, 2378 Holly Lane
Ottawa, Ontario, K1V 7P1
2. **Date of Material Change** – May 13, 2011
3. **News Release** – News Release issued May 13, 2011 at Ottawa, Ontario
4. **Summary of Material Change** – Seprotech Systems Incorporated (TSX-V: SET; “Seprotech” or the “Company”) reports financial results for the quarter ended November 30, 2010 and advises it has filed its unaudited financial statements, MD&A and CEO and CFO certificates for the quarter ended November 30, 2010.
5. **Full Description of Material Change** – Seprotech Systems Incorporated (TSX-V: SET; “Seprotech” or the “Company”) reports financial results for the quarter ended November 30, 2010. The financial statements for the quarter ended November 30, 2010 were required to be filed by January 28, 2011. The delay in completing the first quarter 2011 unaudited financial statements resulted from management’s detection during the quarter of an overstatement of revenue by a material amount with respect to its financial statements for the quarters ended November 30, 2009, February 28, 2010 and May 31, 2010. The overstatement resulted from over-billing a customer over a period of approximately 12 months from July 2009. The Company immediately brought the billing discrepancy to the attention of its customer, and subsequently determined that the over-billing amounted to \$315,584 spread over the fiscal year ended August 31, 2010. As a consequence of the over-billing, interim unaudited financial statements for the periods ended November 30, 2009, February 28, 2010 and May 31, 2010 have been amended and restated, and filed on March 25, 2011. The impact of the over-billing is fully reflected in the August 31, 2010 financial statements, and did not impact any subsequent fiscal periods. The amount of the over-billing has been repaid in full.

The delay in completing the fiscal 2010 audit, and consequent delay in completing both its annual and first and second quarters’ 2011 required regulatory filings has led to the imposition on the Company of cease trade orders from the Ontario, British Columbia and Manitoba securities commissions (respectively, the “OSC”, the “BCSC” and the “MSC”). The BCSC’s cease trade order will be automatically revoked upon completion of the required regulatory filings, but the OSC and MSC cease trade orders will only be revoked upon application by the Company. On May 10, 2011 the Company completed its required annual regulatory filings (audited financial statements for the fiscal year ended August 31, 2011, related MD&A and officer certifications) and expects to file its second quarter 2011 unaudited financial statements and related filings on or before May 17, 2011. At that time the Company intends to make application to the OSC for a full revocation of the cease trade order.

The Company has also been notified by the TSX Venture Exchange (the “TSXV”) that if it does not complete its reinstatement to trading on or before May 25, 2011, the

Company's securities will be transferred to NEX at that time. The Company intends to make application to the TSXV for reinstatement of trading.

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102** – Not Applicable.
7. **Omitted Information** – The undersigned is not aware of any information of a material nature that has been omitted.
8. **Executive Officer** – Mr. Ian W. Malone, Chief Financial Officer of the Issuer is knowledgeable about the material change and this report. He can be contacted at 613-523-1641, extension 12.
9. **Date of Report** – Dated at Ottawa, Ontario this 18th day of May, 2011.