

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 2, 2012
3. **News Release** – News Release issued May 2, 2012 at Ottawa, Ontario and distributed by
Canada Newswire.
4. **Summary of Material Change** – Seprotech Systems Incorporated (TSX-V: SET;
“Seprotech” or the “Company”) and WESA Group Inc. (“WESA”) today announced that
they have entered into a non-binding letter of intent under which Seprotech will acquire
100% of privately-held WESA in a reverse takeover.
5. **Full Description of Material Change** – Seprotech Systems Incorporated (TSX.V: SET;
“Seprotech”) and WESA Group Inc. (“WESA”) today announced that they have entered
into a non-binding letter of intent under which Seprotech will acquire 100% of privately-
held WESA in a reverse takeover (the “Transaction”).

Information Concerning WESA

WESA was founded in 1978 under the laws of Ontario. WESA is a professional services company focussed on environmental earth sciences, water resources, waste management, occupational health, safety and hygiene and renewable energy needs of industry and all levels of government. WESAtech, a wholly-owned subsidiary, supplies turn-key water treatment systems to industry, and in particular the mining sector. More information can be obtained at www.wesa.ca.

Selected WESA Financial Information (000s - Unaudited)

	2011	2010	2009
Revenue	\$22,554	\$20,417	\$22,649
Gross Margin	\$4,464	\$4,496	\$4,437
Operating Income	\$1,108	\$1,359	\$1,260
Net Income	\$157	\$230	\$566
Total Assets	\$12,447	\$13,207	\$11,492
Total Liabilities	\$6,829	\$7,883	\$6,445
Shareholder Equity	\$5,480	\$5,199	\$4,969

WESA Insiders

Name	Capacity	Residence
Roger M. Woeller	CEO, Director	Ontario
William M. Touzel	President, CFO & Director	Ontario
Harry J. Marshall	Director	Ontario
Wayne L. Ingham	Director	Ontario
Francois A. Richard	Director	Quebec
Andre Y. D' Astous	Director	Quebec
C. Ronald Donaldson	Director	Ontario
Nell van Walsum	Director	Quebec
David W. Hopper	Director	Ontario

10% Shareholders

Roger M. Woeller and spouse beneficially own approximately 20.9% of WESA; C. Ronald Donaldson and spouse beneficially own approximately 12.54% of WESA, and Nell van Walsum and Andre Y. D' Astous beneficially own approximately 12.54% of WESA.

Existing Relationships

William B. Touzel, a Director of Seprotech, is also President of WESA, and is beneficial owner of 52,500 common shares of WESA, representing approximately 8.6% of the issued and outstanding common shares.

Harry J. Marshall, a director and officer of Seprotech, is a director of WESA, but does not own any shares of WESA.

Transaction Summary

The Transaction is an arm's length transaction and will constitute a reverse-takeover pursuant to the policies of the TSX Venture Exchange ("TSX.V"). Completion of the Transaction ("Closing") is subject to the entering into by Seprotech and WESA of a definitive share exchange agreement, and to several conditions, including, but not limited to the approval of a simple majority of Seprotech shareholders. Seprotech intends to convene a special meeting of shareholders (the "Meeting") to seek such shareholder approval as soon as possible following the signing of a definitive share exchange agreement and receipt of all required TSX.V approvals. The other conditions are summarized below.

Seprotech currently has issued and outstanding 62,921,926 common shares, and 6,230,000 options to purchase Seprotech common shares, at prices ranging between \$0.10 and \$0.26 per share.

At the Meeting, Seprotech also intends to seek the approval of its shareholders to consolidate its common shares on a 1 for 10 basis (the "Consolidation"). Assuming completion of the Consolidation, Seprotech would have issued and outstanding, immediately prior to Closing (i) 6,292,193 post-consolidation Seprotech common shares and (ii) options to purchase 623,000 common shares, each exercisable at a price of from \$1.00 - \$2.60 per share.

It is currently contemplated that the Transaction will be completed by way of a share exchange agreement pursuant to which Seprotech will acquire all of the issued and outstanding shares of WESA in consideration for the issuance to WESA of 14,157,433 post-consolidation shares of Seprotech, each at a deemed value of approx. \$0.664 per share for aggregate consideration of \$9,400,000. Upon Closing, WESA will become a wholly-owned subsidiary of Seprotech and WESA will control approximately 69.23 % of the Seprotech common shares of the Resulting Issuer.

Pursuant to the LOI, WESA has agreed to provide to Seprotech a secured credit facility of up to \$2,000,000 to be available at the sole discretion of WESA upon the approval of the TSX.V and completion of documentation.

Management and Board of Directors of Resulting Issuer

Effective upon Closing, the board of directors of the Resulting Issuer will consist of five members, comprising the CEO, one to be nominated by each of WESA and Seprotech, and two independent directors to be jointly nominated.

The Chief Executive Officer of the Resulting Issuer will be William M. Touzel, who is presently President of WESA; the Chief Financial Officer will be Ian. W. Malone, presently Chief Financial Officer of Seprotech. The other senior management of both companies will continue to play active roles in the combined entity.

Conditions to the Transaction

The proposed Transaction is subject to a number of terms and conditions including the parties entering into a definitive agreement with respect to the Transaction (such agreement to include representations, warranties, conditions and covenants typical for a transaction of this type), the completion of satisfactory due diligence investigations, the approval of the directors and shareholders of each of Seprotech and WESA, the approval of the TSX.V and other relevant regulatory authorities, and various other customary conditions that must be satisfied prior to closing, which is expected to take place no later than August 31, 2012.

Seprotech also advises that its debenture in a principal amount of \$705,000 matured on April 30, 2012. In light of the proposed Transaction, the Company will ask its debenture holders to agree to the conversion of 50% of the debenture to common shares of the Company at a deemed (pre-consolidation) price of \$0.10 per share, subject to the approval of the TSX.V; and to the repayment over 12 months of the remaining 50% of the debenture in equal monthly payments commencing May 15, 2012. It is expected that this, or a comparable arrangement acceptable to both Seprotech and WESA, will be completed prior to completion of the proposed Transaction.

Other Information

Trading in Seprotech common shares will remain halted pending the satisfaction of all applicable requirements of the TSX.V. There can be no assurance that trading in Seprotech common shares will resume prior to the completion of the Transaction. Further details concerning the Transaction, WESA (including additional financial information) and other matters will be announced when a definitive agreement is reached.

Seprotech will engage a sponsor in connection with the Transaction if required in accordance with applicable TSX.V policies.

- 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 3rd day of May, 2012.