

December 6, 2011



Ceapro Provides Update to Shareholders

EDMONTON, ALBERTA -- (MARKET WIRE) -- 12/06/11 -- The following is a letter to shareholders from Ceapro Inc. (TSX VENTURE: CZO)

Dear Shareholders:

At Ceapro (TSX VENTURE: CZO) we are very pleased with our year to date 2011 financial results showing profitability and continuous improvement in our balance sheet. Significantly these results were achieved while increasing our investments in Research & Development projects that should bring Ceapro to the next level. This is exactly in line with our expectations expressed at the beginning of the year when we issued the following statement in our February 2011 letter.

"To achieve our main goal of growing revenues and being profitable in a challenging environment, we need to implement an action plan to:

1. Increase sales of existing products
2. Improve existing products
3. Develop new products
4. Keep manufacturing at a state of the art level, lean and effective
5. Evaluate and adapt new and innovative process technologies"

We are fully delivering on the first two items through the implementation of our Marketing Strategy while we are making tremendous progress on the remaining items which are part of our Innovation Strategy on which we are pleased to report today.

Innovation Strategy

The core strength of Ceapro is the innovative team and the technologies it has developed. This has been well recognized by the personal care industry, the federal and provincial governments as well as by our technology partners who are all critical in the success of Ceapro. Our team has identified three areas where innovation will be key:

- Product development selection. Ceapro focuses its Research and Development Projects on products that are innovative, unique and show therapeutic properties in selected healthcare fields. Generic competition is avoided. All products must be backed by scientific and/or performance testing data. At Ceapro, it's all about INNOVATION not Imitation!
- Raw material selection. Excellent feedstock increases the yield and probability of excellent margins. 2011 year to date results show that proprietary screening methods developed by Ceapro to select the quality feedstocks required in its processes have been diligently applied.

Ceapro will also continue to rely heavily on an open innovation model to in-license new technologies which can offer a sustainable competitive advantage. Prime examples of this include our spearmint and rosehip projects which have been in-licensed recently.

- Manufacturing processes. Ceapro is committed to maintaining innovative and quality manufacturing processes to ensure high quality product with good gross margins. A major project involving a semi/continuous processing technology with automation is currently being developed by our process engineers. This should result in the production of our flagship product avenanthramides at a much larger scale with a consequent lower cost of goods.

Update on Research Projects

1.0 New products:

Spearmint

During 2011, Ceapro continued its plan to propagate this unique spearmint plant and technology. Two additional farmers grew the plants on a test basis and an additional test pilot was successfully propagated from rhizomes taken from plants grown in 2010. The results to date have been excellent as the crop has shown the ability to grow well and propagate quickly. Its sustainability also seems assured given the excellent growth observed in multiple regions of Canada. This is very important given the exciting results obtained with the 2011 crop where we have observed concentrations of active ingredients up to three times higher than those usually obtained with other plant sources.

This is a top priority development project for Ceapro given the potential applications of these active ingredients.

In that sense, we are very pleased that University of Guelph has recently agreed to amend its license agreement by granting to Ceapro exclusive worldwide rights for all fields of use for active ingredients extracted from this unique spearmint plant. As an example, in addition to multiple product development candidates for the personal care industry, Ceapro has identified the equine and senior companion animal food additive markets and various food markets for further investigation. Various studies are currently being performed in support of some of these markets and positive results should greatly enhance the commercial value of this technology.

Ceapro is currently applying various extraction technologies to materials harvested to identify and characterize the various actives in the spearmint plant and the best extraction method to utilize. This project appears to hold great potential to allow Canadian agricultural producers to diversify into novel high value crops.

Pressurized Green Solvent Technology

Following the successful application at laboratory scale of the technology licensed from University of Alberta ("Pressurized Green Solvent" drying technology), Ceapro was able to demonstrate that the resulting dry product could be hydrated back into solution and meet the original liquid specifications. Scale-up tests will be run in the first quarter of 2012 upon completing modifications of the scale-up unit needed to produce the finished product.

This technology, which appears to have the potential to be a platform technology, will allow Ceapro to offer several advantages to its customers including an infinite shelf life, preservative-free, and lower environmental foot prints by decreasing packaging and freight handling requirements. This is consistent with Ceapro's green philosophy.

2.0 Collaborations

National Research Council

Ceapro currently has two collaborations on-going with the National Research Council-Institute for Nutrisciences and Health (NRC). As part of the first program, researchers are studying several properties of Ceapro ingredients in the areas of anti-inflammatory, anti-allergens, wound healing, and anti-aging. This research program which is expected to be completed in mid-2012 should generate significant new data to support the sale of Ceapro products.

A second collaboration with the NRC involves a native variety of Maritime rosehip which has the potential to produce several novel ingredients for the personal care industry. A marketing study has confirmed the indications currently being sought would be unique for a rosehip product. Ceapro recently conducted some pilot extractions as part of the product development work. In addition synergistic studies were completed by the NRC using Ceapro ingredients in combination with rosehip extracts. Preliminary data had identified multiple potential product candidates. A final report will be obtained in the first quarter of 2012.

3.0 Other Research Projects

Ceapro is now consistently being introduced to new technologies that other parties have and are looking for a commercialization partner. Ceapro's knowledge of natural products, its suite of extraction technologies, and small size that makes it accessible, is increasingly attractive to groups and organizations looking for a partner. There is no shortage of good potential product candidates and there are several unmet needs in the personal care industry. Ceapro is now in the enviable position to exploit some of these attractive opportunities. Ceapro is currently conducting due diligence on a technology that would represent our first experience with ingredients extracted from marine sources. We have also begun to examine potential nutraceutical and pharmaceutical applications for it products. However the pursuit of some of this potential will require the participation of much larger industry partners.

Update on Manufacturing Expansion Activities

The current Leduc based facility in Alberta being considered an "incubator" and Ceapro having reached a "graduation" level, new manufacturing facilities will be required for Ceapro within the next year.

Plans for a new state of the art manufacturing facility are well advanced. Such a facility will enable Ceapro to continue to be a successful innovator serving the global personal care industry. This industry is rapidly moving to globally recognized quality standards and Ceapro needs to comply with these standards over the next few years. Many of these requirements cannot be met in the current facility.

Ceapro has also identified several technology improvements that can be applied to its

current processes to greatly increase output and efficiencies and these are part of the planning process for a new manufacturing facility. With a commitment to grow Ceapro through a larger product portfolio, and recognizing the necessities of being competitive in a global economy, Ceapro must upgrade its manufacturing capabilities and is committed to doing so. This will require a significant capital expenditure, a portion of which is expected to be funded through government programs and a portion as Ceapro equity contributions.

Marketing Activities

Ceapro continued to make progress implementing a marketing strategy to get global coverage for its all natural line of products. The Company is looking to partner with regionally strong technical sales organizations that can and will introduce the scientifically-backed benefits of using Ceapro products to customers in their market territory. The recently signed agreement with Ross Organics Specialty sales for certain states in the western USA was consummated after it became very apparent that both Ceapro and Ross share the same quality oriented business philosophy. Discussions are ongoing with certain partners in other regions of the USA as well as in Europe. We expect to consummate more agreements in the near future.

Ceapro has recently met several North American based multi-national companies and further visits are scheduled until year end. The personal care industry is becoming a strong supporter of open innovation and this trend will provide Ceapro more opportunities to sell its products. We are currently reviewing options to add some in-house marketing resources to capture these opportunities.

A recent visit to South Korea along with our partner Easthill Corporation has allowed Ceapro to meet with several of the top personal care companies in this country. The benefits of oats are becoming increasingly well known in Asia and this was an important step toward generating future significant sales in this large and vibrant market.

The significant potential of Ceapro's all natural products in large economies like China, India, and Brazil is a huge opportunity. The government of Canada has demonstrated it is very keen to see Canadian companies expand into these markets and the assistance offered by Canadian trade commissioner and consulate offices are being used to help identify strong local partners in these markets.

Ceapro recently participated in several meetings with various Chinese companies that were invited to Canada as part of an international trade mission sponsored by the Alberta Government. It was apparent there is strong potential for Ceapro's products in this market. Ceapro is appreciative of the support demonstrated by the provincial and federal governments to help expand these markets.

Corporate Perspectives

In an effort to build true shareholder value, Ceapro has concentrated on building a quality organization that is capable of growth. While the news has been largely positive for the last few years, it has gone unnoticed by the financial markets. This is not unusual for small biotech companies in Canada. We usually do not comment on market performance but as an example, it is interesting to note that the recent acquisition of Edmonton based Afexa by Valeant Pharmaceuticals clearly demonstrates there can be a large difference between

stock market value and true company value. We intend to continue to build our reputation as innovators and to highlight the many technologies that we have. Our business is built on science and therefore is longer term in nature. It does require time to go from plant to product. Having said this, we are very fortunate to offer to our shareholders a portfolio of commercial products, a management team that understands the commercialization process from cradle to grave, and a product pipeline that provides our shareholders multiple "shots at the goal" as well as a continuous flow of new opportunities.

In conclusion, we have been working extremely hard to set the stage to move Ceapro to the next level and reaching this level will require that Ceapro make some large investments in the company you see today. The Ceapro team has done an excellent job of building the infrastructure and relationships to support the activities we need to lead to strong sustainable growth. The combination of a larger innovative product portfolio and true global marketing coverage will be the key for Ceapro to drive sales and growth. This will undoubtedly require additional resources in our marketing, product development, and ultimately manufacturing activities from where we are today.

Thank you all for your continued support.

Yours truly,

CEAPRO INC.

Gilles R. Gagnon

Acting CEO

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Contacts:

Ceapro Inc.

Branko Jankovic

Vice President and CFO

780-917-8376

bjankovic@ceapro.com

Source: Ceapro Inc.