PYROGENESIS CANADA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2011

(All figures expressed in Canadian dollars unless otherwise noted.)

November 29, 2011

The following management's discussion and analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. Management has prepared this document in conjunction with its broader responsibilities for the accuracy and reliability of the financial statements, the development and maintenance of appropriate information systems and internal controls to ensure that the financial information is complete and reliable. This MD&A, as well as the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2011 have been prepared by management.

This MD&A should be read in conjunction with the Company's unaudited interim consolidated financial statements, and related notes thereto, for the the nine months ended September 30, 2011, which are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

For all purposes, the "Company", "PyroGenesis" and "PCI" refer to PyroGenesis Canada Inc. and its predecessors, as applicable.

Additional information may be found on the Company's website www.pyrogenesis.com and also on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements. All statements other than statements of historical fact contained in this MD&A are forward-looking statements, including, without limitation, the Company's: statements regarding its products and services; relations with suppliers and customers; future financial position; business strategy; potential acquisitions; potential business partnering; litigation; and plans and objectives. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" and similar words or the negative thereof. Although management of the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

In particular, this MD&A contains forward-looking statements relating to:

- the business strategy of the Company;
- the capital resources of the company;
- the ability of the Company to increase sales, including as a result of the successful completion of the Companys current projects; and
- the company's overall financial performance.

By their nature, forward-looking statements require assumptions and are subject to inherent risks and uncertainties including those discussed herein. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned to not place undue reliance on forward-looking statements made herein because a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including, but not limited to, the strength of the Canadian economy; operational, funding, and liquidity risks; unforeseen engineering and environmental problems; delays or inability to obtain required financing; risks associated with licenses, permits and regulatory approvals; supply interruptions or labour disputes; foreign exchange fluctuations and collection risk; competition from other suppliers or alternate less capital intensive energy solutions; and the risk factors described under the heading "Risk Factors" in the Company's annual information form for the financial year ended December 31, 2010. We caution that the foregoing list of factors is not exhaustive, and that, when relying on forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements are provided as of the date of this MD&A, and the Company assumes no obligation to update or revise such forward-looking statements to reflect new events or circumstances except as required under applicable securities laws.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A or such other date specified herein.

OVERVIEW

PyroGenesis is a leader in the design, development, manufacture and commercialization of advanced plasma waste to energy systems. The Company's systems are capable of converting waste into energy and non-hazardous products. The Company's proprietary and proven technologies have been developed over 15 years. A long-standing relationship with the US Navy along with a system in operation at a US Air Force base sets the Company's business apart from many of its competitors. The Company's innovative product offerings have translated into numerous signed contracts. The Company has three distinct product offerings. The Company's marine based Plasma Arc Waste Destruction System ("PAWDS") treats combustible waste on board ships while its land based Plasma Resource Recovery System ("PRRS") is designed to treat a range of industrial, hazardous, clinical and municipal waste streams on land. The Company's plasma torch systems are sold world-wide to other plasma companies who do not have the know-how to build this type of equipment and also to those using high temperature metallurgical and advanced material applications.

SELECTED FINANCIALINFORMATION

For the nine months ended September 30 (in dollars expect per share data)	**2011** **$**	**2010** **$**
Total Sales	3,283,936	5,786,348
Expenses	8,823,133	7,529,509
Inc. (Loss) From Operations	(5,539,197)	(1,743,161)
Net Income (Loss)	(5,492,332)	(1,736,227)
Loss per share – basic	(0.100)	(0.037)
Loss per share – diltued	(0.099)	(0.037)

As at September 30	2011	2010
	$	$
Total Assets	13,160,675	4,810,822
Total Current Liabilities	4,468,499	4,882,694
Total Long-term Liabilities	8,075,421	1,465,423
Shareholder's Equity	616,755	(1,537,295)

RESULTS OF OPERATIONS

Revenues / sales

Sales decreased 43% to $3,283,936 (2010: $5,786,348) for the nine months ended September 30, 2011, reflecting focus by the Company on the near completion of the Company's two major projects, namely the marine based contract with Newport News Shipbuilding ("NNS"), and the land based contract with the US Air Force, as opposed to focusing its efforts on increasing sales in other areas. Management expects the successful completion of these two projects to result in an increased demand as it will have proved out the cost-benefit advantages of these systems.

PyroGenesis believes that its most significant opportunities for growth are within the US Armed Forces and isolated communities in general.

Cost of Sales and Services

For the nine months ended September 30	2011	2010
	$	$
Materials and Equipment	1,207,578	2,061,801
Salaries	1,578,662	1,685,919
Subcontracts	869,966	1,629,561
Rent	322,900	408,746
Utilities	123,025	88,059
F/X	(14,701)	63,935
Factory	40,501	100,626
Repairs	11,393	6,297
Rental	60,375	87,627
Government Grants	(36,653)	(17,144)
Tax Credits	(999,505)	(1,478,001)
Amortization Licences	763,051	40,563
	3,926,592	4,677,989

Cost of sales and services decreased 16% for the nine months ended September 30, 2011 to $3,926,592 (2010: $4,677,989). This decrease was due mostly to higher materials and equipment $1,207,578 (2010: $2,061,801) and subcontract expenses $869,966 (2010: $1,629,561) having been incurred in 2010 to complete fabrication of the two major contracts NNS and US Airforce, and an 18-fold increase in amortization of licenses costs to $763,051 (2010: $40,563) over the same period. This increase in amortization of licenses was predominantly related to the Acquisition of Patents from a related party (see "Related Party Transactions").

However, cost of sales and services, as a percent of revenues, increased to 120% for the nine months ended September 30, 2011, versus 81% for the same period 2010. This increase was primarily as a result of a 43% decrease in revenues over the same period.

The lower gross margin in 2010 was attributable to lower sales and increased subcontracting costs.

Selling, General and Administrative Expenses

For the nine months ended September 30	**2011**	**2010**
	$	**$**
Salaries	1,200,000	900,000
Stock Based Compensation	910,000	0
Professional Fees	1,138,145	635,698
Royalty	75,000	225,000
Office & General	412,283	309,413.00
Travel	190,384	308,150
Insurance / Taxes	100,695	86,742
Interest & Bank Charges	22,478	51,401
Donations	1,308	900
Advertising	9,890	42,060
Financing fees	124,938	0
Amortization Machinery & Equipment	229,646	86,836
	4,414,769	2,646,200

Overall, selling, general and administrative expenses increased by 67% to 4,414,769 (September 2010: $2,646,200) for the nine month period ended September 30, 2011. This was primarily as a result of $910,000 (September 2010: $0) in stock options issued before September 30, 2011 accounted for as a non cash item; a one-time financing fee of $124,938; a 79% increase in professional fees $1,138,145 (September 2010: $635,698) due to increased costs associated with PyroGenesis being public; as well as an increase in amortization of machinery and equipment by 264% to $229,646 (2010: $86,836) for the nine months ended September 30, 2011, which was primarily as a result of the purchase in Q3 2010 of equipment valued at $1,093,800.

PyroGenesis expects that its overall selling, general and administrative expenses will decrease as a percentage of sales, as sales increase as a result of the successful acceptance of both projects the Company is currently concluding.

Amortization of Machinery and Equipment

For the nine months ended September 30	**2011**	**2010**
	$	**$**
Machinery and Equipment	229,646	86,836

Amortization of machinery and equipment increased by 264% to $229,646 (2010: $86,836) for the nine months ended September 30, 2011. This is primarily as a result of the purchase in Q3 2010 of equipment valued at $1,093,800.

Hardware and Software Purchases

For the nine months ended September 30	**2011**	**2010**
	$	**$**
Hardware	7,776	7,700
Software	17,179	22,357
	24,955	30,057

Interest on Long Term Debt

For the nine months ended September 30	**2011**	**2010**
	$	**$**
Interest Expense	481,772	205,320

Interest on long-term debt increased by 235% to $481,772 (2010: $205,320) for the period ending September 30, 2011.

This increase was primarily due to increased overall borrowings as well as interest accrued on debt for license purchases of $192,685 for the nine months ended September 30, 2011 (2010; $0).

Research and Development and Budget Tax Credits

For the nine months ended September 30	**2011**	**2010**
	$	**$**
Research Tax Credits	999,505	1,478,001

Development costs of $1,845,427 were expensed in the nine months ended September 30 2011 (2010 September 30 - $2,129,168). As a private company, PyroGenesis qualified to receive research and development tax credits from the federal and Quebec provincial governments in the form of cash. Management foresees such contributions to be significantly impacted in the future given its current public company status; it is envisioned that the vast majority, if not all, of future benefits will be used to offset taxes due as opposed to cash reimbursements.

Net Profit/Loss

	Year end		**Nine months ended September 30**	
	2010	**2009**	**2011**	**2010**
	$	**$**	**$**	**$**
Net Profit/Loss	(2,180,884)	515,231	(5,492,332)	(1,736,227)

Net losses for the nine months ended September 30, 2011 was $5,492,332as compared to a loss of $1,736,227 for the same period ending September 30, 2010.

These losses are a result of a decrease in sales due to management's focus on the successful completion of its two current projects.The successful introduction of these systems will, in the opinion of management of PyroGenesis, be the catalyst to PyroGenesis' return to profitability in the next fiscal year.

LIQUIDITY AND CAPITAL RESSOURCES

During the nine months ended September 30, 2011, the primary sources of funding for PyroGenesis have been cash generated through the sale of shares from debt conversions, as well as increases in bank indebtedness. Furthermore, the amalgamation of the Company and concurrent financing provided the Company with an additional source of liquidity to finance growth.

At September 30, 2011, PyroGenesis had cash on hand of $310,967 and negative working capital of $105,860.

PyroGenesis announced a fully marketed offering of common shares which is expected to close on or about November 30, 2011 The Company expects to use net proceeds from the fully marketed offering and the funds available to it from the loans discussed below to meet its working capital requirements. However the Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations as they come due, to obtain additional financing that may be required, and ultimately to obtain more contracts and successful operations.

PyroGenesis has available one investment tax credit demand facility. It is based on the Company's 2010 claim, for an amount of $500,000 which bears interest at prime rate plus 2.2%. The loan is secured by a first ranking moveable hypothec of $500,000, on all present and future investment tax credits. PyroGenesis also has available a revolving demand loan facility of $740,000 (2009 - $1,500,000) which bears interest at the bank's prime rate plus 2.25%. The loan is secured by a first rank moveable hypothec in the amount of $740,000 on accounts receivable, inventory and work-in-process. PyroGenesis is required to meet certain covenants which have been waived by the lender until January 16, 2012.

PyroGenesis has a loan in the amount of $1,000,000 (2009 - $1,000,000) plus fees interest and other costs of nil (2009 - $312,500). The loan is due June 30, 2012 with interest paid monthly at 15% per annum, compounded monthly. The loan is secured by a second rank hypothec on the building which is beneficially owned by a person related to the controlling shareholders of the Company, an additional hypothec of $75,000 and personal guarantees by principal shareholders of the Company.

On March 19, 2011, PyroGenesis incurred a capital expenditure by purchasing all the intellectual property and know-how owned by a company owned by a shareholder and used by PyroGenesis in connection with its business. The consideration for the acquisition of these assets was $14,280,000 to be paid by means of equal monthly instalments of $40,000 commencing on April 1, 2011 until December 31, 2040 and bears interest at an implicit rate of 4.85% per annum. Pyrogenesis does not currently foresee committing to any other capital expenditures.

On March 22, 2011, PyroGenesis issued a convertible debenture to FIER Croissance Durable s.e.c. in the amount of $1,000,000. The FIER Debenture was automatically converted into common shares of the Predecessor (as defined herein) immediately prior to the completion of the amalgamation of the Company.

On March 29, 2011, PyroGenesis completed a non-brokered private placement for a total of 312,500 common shares at a price of $0.80 per share for gross proceeds of $250,000.

On March 30, 2011, PyroGenesis completed a private placement of 5,083,250 subscription receipts at a price of $0.80 per subscription receipt for gross proceeds of $4,066,600.

Pursuant to the closing of the amalgamation of the Company as part of consideration paid to the agents in the concurrent financing the Company granted the agents compensation options to purchase an aggregate of 355,827 common shares with each compensation option entitling the holder to one common share at a price of $0.80 until March 30, 2012.

On July 11, 2011, the Company issued 3,150,000 stock options to directors and officers and to employees. Five directors and officers of the Company were granted 1,450,000 options and 14 employees of the Company were granted 1,460,000 options, 10% of which are vested as of the date of grant, with 20% to vest on the first anniversary of the grant, 30% to vest on the second anniversary of the grant and 40% to vest on the third anniversary of the grant. Furthermore, two directors have been granted 200,000 options, which will vest quarterly over four years starting on the date of the grant. Finally, two other directors of the Company were granted the right to acquire an aggregate of 40,000 Common Shares at $0.80 per Common Share. These Options will vest over two years starting on the date of the grant. All Options are exercisable at a price of $0.80 per Common Share for a period of five years.

On August 11, 2011 the Company issued 103,328 common shares on exercise of stock options for proceeds of $110,306.

Following the completion of the Amalgamation the company had 59,010,766 Common Shares issued and outstanding which the following are restricted from trading:

- 45,235,800 Common Shares are subject to escrow restrictions pursuant to an escrow agreement dated July 11th 2011, to be released as follows: 5% on the listing date, 5% six months after, 10% six months after, 10% six months after, 15% six months after, 15% six months after, 40% six months after.
- 2,368,570 Common Share have been legended in accordance with Policy 5.4 of the TSXV Corporate Finance Manual.

The Company's ability to raise additional funds from the equity markets will largely depend upon general market conditions and the company's ability to secure contracts. Current market conditions do limit the potential to raise additional funding.

CASH USED IN OPERATIONS

<u>**For the nine months ended September 30**</u>	**2011**	**2010**
	$	**$**
Cash provided by (used in) operating activities	(2,840,065)	(2,585,473)
Cash provided by (used in) investing activities	118,803	34,530
Cash provided by (used in) financing activities	2,794,938	1,897,063

Cash flow from operations totalled a net deficit from operations of $2,840,065 for the nine-month period ended September 30, 2011 compared to a net deficit from operations of $2,585,473 for the same period in the previous year.

Investing activities resulted in cash inflows of $118,803 for the period ending September 30 2011 compared to cash outflows of $34,530 for the period ending September 30 2010.

Financing activities generated $2,794,938 for the nine-month period ended September 30, 2011, compared to an inflow of $1,897,063 for the same period last year.

During the nine month period ending September 30, 2011 the Company completed a non brokered private placement with gross proceeds totaling $250,000 and a private placement with gross proceeds totaling $3,596,375.

RELATED PARTY TRANSACTION

Intellectual property

On March 19, 2011, an agreement was signed between PyroGenesis and a company controlled by a shareholder of PyroGrenesis. Per the agreement, intellectual property and know-how was sold to PyroGenesis for $14,280,000 with such amount payable in equal monthly installments of $40,000. The payments commenced on April 1, 2011 and terminate December 31, 2040. The fair market value of this property is estimated to be $7,636,426 which was established through an independent valuation. The intellectual property and know-how were amortized on a straight-line basis over their remaining useful life of 5.79 years. Long-term debt of $7,636,426 was assumed on this transaction, and bears interest at an implicit rate of 4.85% per annum.

Class F shares

On March 21, 2011, the holder of the 1,093,800 class F shares of the Predecessor, a related party, waived and renounced any and all rights to receive dividends or redemption of these shares. Furthermore, the holder agreed to grant the Predecessor the sole right to demand the exchange of all 1,093,800 class F shares for a total of 1,367,250 Class A shares of the Predecessor. Such exchange took place immediately prior to the completion of the amalgamation (see “Subsequent Events”, below). The value of the the 1,093,800 class F shares was established at $1.00 per share for a total of $1,093,000. This amount was based on an independent valuation of the machinery in exchange of which the Class F shares had been granted (see “Liquidity and Capital Resources”, above).

Private Placement

On March 29, 2011, the Predecessor completed a non-brokered private placement with a related party for a total of 312,500 Class A shares at a price of $0.80 per share for gross proceeds of $250,000. The value of these subscription receipts was based on the valuation of the company established in connection with the amalgamation transaction (see “Subsequent Events - Amalgamation” below).

ADOPTION OF ACCOUNTING STANDARDS AND PRONOUNCEMENTS UNDER IFRS

In February 2008, the Canadian Accounting Standards Board (“AcSB”) announced that publicly accountable enterprises in Canada will be required to prepare financial statements in accordance with International Financial Reporting Standards (“IFRS”) for fiscal periods beginning on or after January 1, 2011. PyroGenesis’ first annual IFRS financial statements will be for the year ending December 31, 2011 and will include the comparative period of 2010. Starting with this quarterly MD&A, the Company has provided unaudited consolidated quarterly financial information in accordance with IFRS, including comparative figures for 2010. Please refer to note 20 of the 2011 unaudited interim consolidated financial statements for three and nine months ended June 30, 2011, for a summary of the differences between financial statements previously prepared under Canadian GAAP to those under IFRS.

Recent accounting pronouncements

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB’s work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. The adoption of IFRS 9 is not expected to have a significant impact on the financial statements.

IFRS 13 Fair Value Measurements

IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. The key features of IFRS 13 include: a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied, fair value would be defined as the “exit price”, and concepts of ”highest and best use” and “valuation premise” would be relevant only for non-financial assets and liabilities. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and early adoption is permitted. The Company has not yet assessed the impact of the new standard on the financial statements.

SUBSEQUENT EVENTS

RES

Following the completion of a technical feasibility study on the destruction of ozone depleting substances using PyroGenesis’ proprietary thermal destruction plasma technology (the “ TDP ”) for Recyclage EcoSolutions Inc. (“RES”), PyroGenesis and RES have entered into an agreement on May 6th 2011. Under this agreement, PyroGenesis will be developing, designing, building and operating a 50kg/h TDP dedicated to the destruction of ozone depleting substances.

Amalgamation

On July 11, 2011, PyroGenesis and Industrial Growth Income Corporation (“IGIC”), a capital pool corporation, amalgamated to form "PyroGenesis Canada Inc." as contemplated by the arm's length amalgamation agreement dated June 1, 2011. As such, IGIC and PyroGenesis have combined to form a resulting issuer with the same name, PyroGenesis Canada Inc. (the "Resulting Issuer"). Pursuant to the amalgamation, 1,300,000 shares of the Resulting Issuer were issued to IGIC's shareholders at an exchange ratio of 0.32298 Resulting Issuer shares for each IGIC share. In exchange for the shares of PyroGenesis, 57,710,766 Resulting Issuer shares were issued to PyroGenesis shareholders at a deemed price of $0.80 per share for a total deemed consideration of $46,168,612.80. This amalgamation was approved as being the Qualifying transaction of IGIC as per Policy 2.4 Exchange Corporate Finance Manual. Following the amalgamation, the Company started trading on the TSX Venture Exchange on July 20th, 2011 under the symbol "PYR".

In addition, immediately prior to the completion of the Qualifying Transaction, the convertible debenture issued to FIER Croissance Durable s.e.c on March 22, 2011 in the amount of $1,000,000 bearing interest at 15% per annum compounded and payable monthly, was automatically converted into 1,388,889 PyroGenesis Shares at a price of $0.72 per share.

FIER

Immediately prior to the amalgamation of the Company, the convertible debenture issued to FIER Croissance Durable s.e.c on March 22, 2011 in the amount of $1,000,000 bearing interest at 15% per annum compounded and payable monthly, was automatically converted into 1,388,889 PyroGenesis Shares at a price of $0.72 per share.

Class F share

Also immediately prior to the amalgamation of the Company, the 1,093,800 class F shares of PyroGenesis, which belonged to a related party (see “Related Party Transaction”), were automatically converted into 1,367,250 Class A shares of PyroGenesis at a price of $0.80 per share.

US Airforce

On June 1st 2011, pursuant to the successful installation of its landbased system at the US Aiforce special operation base in Hurlburt Field, Florida, PyroGenesis received a follow-on contract from the US Airfoce to operate the system for an initial three-and-a-half month period. Furthermore, on September 11, 2011 PyroGenesis was awarded another contract from the US Airfoce to operate its landbased system for an additional eighteen months.

Offering

On November 8, 2011, PyroGenesis was issued a receipt for a preliminary short-form prospectus in connectionwith a fully marketed offering of common shares of the company which is expected to close on or about November 30, 2011 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including final approval from the TSX Venture Exchange and applicable securities regulatory authorities as well as the execution of a definitive agency agreement with the agents with respect to the Offering.

OUTLOOK

Management is pleased to report that the first nine months of 2011, although a very challenging time for the Company, continues to meet expectations for the period. During this period, management completed an amalgamation which saw IGIC combine with the predecessor, a private operating company. As time consuming as this process was, management kept its focus on the completion of its two major projects: that of the timely delivery of its marine based system to the US Navy, as well as the completion of its land based system for the US Air Force. The Company was proud to announce in September that these projects were independently accepted by both the US Navy and the US Air Force. Both of these projects are game changing advances in their own right. As such, management made the conscious decision to concentrate all of the Company's energies towards the successful completion of these two projects, as opposed to expanding aggressively. Management believes that such a strategy now that the historical acceptance of these systems has been announced, the path is set for growth in revenues over the near term.

The challenge now is to manage the gap period between acceptance of these first systems and reorders while at the same time ensuring the company is well positioned for this anticipated growth. This is an extremely challenging prospect particularly in such financially unstable times. Public financings, which in the past were the backbone of such growth, are not as reliant a financing pool as they once were.

The Company has taken certain steps to mitigate this risk, and manage the gap period, by becoming a short form prospectus issuer as per National Instrument 44-101. This process essentially maintains the Company's filing documents with the exchange in a current format and thus enables the company to move quickly should a financing window make itself available. Separately, the company has also recently focused its attention on its two non-core businesses, Torch sales and Engineering services, as a way to generate revenues during this gap period. To date the Company has been very pleased with the results from this effort.

Management is fully aware of the challenging times ahead and the fact that we are able to articulate measures by which we will meet these challenges should provide investors with the comfort needed.

The worldwide economic slowdown, and significant budgetary constraints in the United States, do not seem to have impacted interest in the Company's main product lines. however it undoubtedly is having an impact on public markets and the availability of funding therein. Management is continuously looking at ways by which this risk can be mitigated.

Having been already qualified by the US Department of Defense for several applications, PyroGenesis has led the way with the delivery and operation of actual commercial systems to the marketplace. Management of PyroGenesis believes that PyroGenesis is a strong and credible player in the emerging market for plasma based waste destruction technologies and has a good prospect of gaining a share of the emerging market for plasma-based waste processing. In the long term, PyroGenesis' management believes that it is well positioned to take advantage of the global environmental movement, specifically in the waste to energy sector. As a result, management of PyroGenesis expects to achieve future growth and profitability. Management of PyroGenesis expects to increase gross margins and expenses, as a percentage of revenue, are expected to decrease as a result. In the short term however, quarterly results will be susceptible to quarter over-quarter variability as PyroGenesis builds its backlog of orders and increases personnel to service this business.

ADDITIONAL INFORMATION

Additional information is contained in the company's annual information form filed on SEDAR on November 4, 2011 (the "AIF"). The AIF and other additional information regarding the Company can be found on SEDAR at www.sedar.com.