UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ended March 31, 2012.

PyroGenesis Canada Inc.

Condensed Interim Statement of Financial Position

(Unaudited) At	**March 31, 2012 $**	December 31, 2011 $
Assets		
Current assets		
Cash and cash equivalents	**1,673,969**	481,396
Accounts receivable *[note 5]*	**1,026,534**	1,158,850
Sales tax receivable	**-**	64,531
Costs and profits on uncompleted contracts in excess of billings	**102,269**	-
Investment tax credits receivable *[note 6]*	**954,997**	1,944,518
Prepaid expenses	**117,589**	50,522
Total current assets	**3,875,358**	3,699,817
Machinery and equipment *[note 7]*	**1,669,122**	1,460,823
Licenses and intellectual property *[note 8]*	**6,635,701**	6,984,969
Total assets	**12,180,181**	12,145,609
Liabilities		
Current liabilities		
Bank indebtedness	**-**	240,000
Accounts payable and accrued liabilities *[note 9]*	**2,283,273**	2,414,353
Sales tax payable	**13,554**	-
Billings in excess of costs and profits on uncompleted contracts	**-**	606,202
Loans - other *[note 11]*	**325,445**	548,050
Long-term debt - current portion *[note 12]*	**-**	976,396
Total current liabilities	**2,622,272**	4,785,001
Loans - other *[note 11]*	**7,735,538**	7,762,388
Total liabilities	**10,357,810**	12,547,389
Shareholders' equity *[note 13]*		
Common shares	**12,177,808**	10,596,651
Contributed surplus	**2,626,464**	821,341
Other equity	**-**	30,966
Deficit	**(12,981,901)**	(11,850,738)
	1,822,371	(401,780)
	12,180,181	12,145,609

Approved on behalf of the board:

………………"P. Peter Pascali"……………………P. Peter Pascali

…………………"Alan Curleigh"……………………Alan Curleigh

See accompanying Notes to the Financial Statements

PyroGenesis Canada Inc.

Condensed Interim Statement of Comprehensive Loss

(Unaudited)

Three months ended March 31	**2012**	2011
	$	$
Revenue	**1,544,943**	1,207,653
Expenses		
Cost of sales and services *[note 6]*	**1,513,116**	830,882
Selling, general and administrative	**1,039,134**	874,824
Financing charges	**133,749**	206,114
	2,685,999	1,911,820
Loss from operations	**(1,141,056)**	(704,167)
Other income	**9,893**	2,224
Total comprehensive loss	**(1,131,163)**	(701,943)
Basic and fully diluted loss per share	**$(0.02)**	$(0.01)
Weighted average number of common shares outstanding - basic and diluted	**59,212,417**	47,774,219

See accompanying Notes to the Financial Statements

PyroGenesis Canada Inc.

Condensed Interim Statement of Changes in Equity

(Unaudited)
Three months ended March 31

On March 22, 2011, the Class A shares were subdivided on a 21.08 for 1 basis. Prior year numbers have been restated to reflect the stock subdivision

	Number of common shares	Share capital $	Number of Brokers warrants, share purchase warrants, and options	Contributed surplus $	Other $	Deficit $	Total equity $
Balance - January 1, 2012	**59,114,094**	**10,596,651**	**3,505,827**	**821,341**	**30,966**	**(11,850,738)**	**(401,780)**
Short form prospectus	**4,424,555**	**2,022,022**	**4,424,555**	**1,517,622**	**-**	**-**	**3,539,644**
Cash payment – brokers – short form prospectus *[note 13]*	**-**	**(234,000)**	**-**	**-**	**-**	**-**	**(234,000)**
Warrant payment – brokers – short form prospectus *[note 13]*	**-**	**(78,978)**	**309,719**	**78,978**	**-**	**-**	**-**
Other professional fees related to short form prospectus *[note 13]*	**-**	**(127,887)**	**-**	**-**	**-**	**-**	**(127,887)**
Stock based compensation	**-**	**-**	**-**	**208,523**	**-**	**-**	**208,523**
Repayment of convertible FIER loan *[note 12]*	**-**	**-**	**-**	**-**	**(30,966)**	**-**	**(30,966)**
Net loss during the period	**-**	**-**	**-**	**-**	**-**	**(1,131,163)**	**(1,131,163)**
Balance – March 31, 2012	**63,538,649**	**12,177,808**	**8,240,101**	**2,626,464**	**-**	**(12,981,901)**	**1,822,371**

	Number of common shares	Share capital $	Number of preferred shares	Share capital $	Number of Brokers warrants	Contributed surplus $	Convertible debt $	Deficit $	Total equity $
Balance - January 1, 2011	**47,371,377**	**4,026,588**	**1,093,800**	**1,093,800**	**-**	**-**	**-**	**(4,906,432)**	**213,956**
Non-brokered private placement *[note 13]*	**312,500**	**250,000**	**-**	**-**	**-**	**-**	**-**	**-**	**250,000**
Shares issued for deposit *[note 13]*	**2,187,500**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Convertible FIER loan *[note 13]*	**-**	**-**	**-**	**-**	**-**	**-**	**1,000,000**	**-**	**1,000,000**
Professional fees related to FIER loan	**-**	**-**	**-**	**-**	**-**	**-**	**(103,102)**	**-**	**(103,102)**
Private placement subscription receipts *[note 13]*	**-**	**4,066,600**	**-**	**-**	**-**	**-**	**-**	**-**	**4,066,600**
Commissions and fees private placement *[note 13]*	**-**	**(470,224)**	**-**	**-**	**-**	**-**	**-**	**-**	**(470,224)**
Stock options private placement *[note 13]*	**-**	**(110,306)**	**-**	**-**	**355,827**	**110,306**	**-**	**-**	**-**
Net loss during the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(701,943)**	**(701,943)**
Balance - March 31, 2011	**49,871,377**	**8,659,556**	**1,093,800**	**1,093,800**	**355,827**	**110,306**	**896,898**	**(5,608,375)**	**4,255,287**

See accompanying Notes to the Financial Statements

PyroGenesis Canada Inc.

Condensed Interim Statement of Cash Flows

(Unaudited)

Three months ended March 31	**2012**	2011
	$	$
Cash flows provided (used) by		
Operating activities		
Net loss	**(1,131,163)**	(701,943)
Items not requiring an outlay of cash:		
Expenses paid through issuance of options	**208,523**	110,306
Repayment of convertible FIER loan – equity portion	**(30,966)**	-
Amortization of machinery and equipment	**62,890**	75,406
Amortization of licenses	**349,268**	62,442
	(541,448)	(453,789)
Net change in non-cash operating working capital items *[note 14]*	**293,304**	(4,145,764)
	(248,144)	(4,599,553)
Investing activities		
Acquisition of patents	**-**	(7,636,426)
Purchase of machinery and equipment	**(271,189)**	(6,449)
	(271,189)	(7,642,875)
Financing activities		
Decrease in bank indebtedness	**(240,000)**	(280,000)
Repayment of obligation under finance lease	**-**	(3,873)
Repayment of loans – other	**(249,455)**	-
Proceeds from long term debt	**-**	7,648,602
Repayment of long term debt	**(976,396)**	-
Proceeds from equity issues	**3,539,644**	3,736,070
Proceeds from issuance of convertible debt	**-**	896,898
Costs related to short form prospectus	**(361,887)**	-
	1,711,906	11,997,697
Increase (decrease) in cash	**1,192,573**	(244,731)
Cash and cash equivalents - beginning of period	**481,396**	237,291
Cash and cash equivalents - end of period	**1,673,969**	(7,440)

See accompanying Notes to the Financial Statements

1. Nature of operations and going concern disclosure

(a) Nature of operations

PyroGenesis Canada Inc. (the "Company") was formed by the amalgamation of PyroGenesis Canada Inc. with Industrial Growth Income Corporation ("IGIC") on July 11, 2011 (Note 2). Information prior to this date, presented in these financial statements, represent the operations of PyroGenesis Canada Inc., a private company, (incorporated on June 5, 2006). The Company owns patents of advanced waste treatment systems technology and provides such systems to its clients. The Company is domiciled at 1744 William Street, Suite 200, Montreal, Quebec. The Company is publicly traded on the TSX Venture Exchange under the Symbol "PYR". These financial statements were approved and authorized for issuance by the Board of Directors on May 30, 2012.

(b) Going concern

These Financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

Several adverse conditions and events cast substantial doubt upon the validity of this assumption. The company has a history of operating losses and negative cash flows and its ability to continue as a going concern is uncertain and is dependant on its ability to fund its working capital, complete the development of its products, and eventually to generate positive cash flows from the products that it has developed. Management plans to explore all alternatives possible, including equity financing.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Basis of preparation

(a) Statement of compliance:

These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. These condensed interim financial statements do not include all of the necessary information required for full annual financial statements in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2011.

(b) Functional and presentation currency

These interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. Basis of preparation (continued)

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following item in the statement of financial position:

- Financial instruments classified as fair value through profit or loss and available for sale are measured at fair value.

(d) On July 11, 2011, PyroGenesis amalgamated with IGIC (the “Qualifying Transaction”).

Each holder of a PyroGenesis share received one amalgamation share. Each holder of an IGIC share received 0.32298 amalgamation shares. Upon Completion of the transaction IGIC shareholders owned approximately 2.2% of the amalgamation shares and PyroGenesis shareholders owned 97.8%. Accordingly, PyroGenesis was considered to be the acquirer. The amalgamation was accounted for as an acquisition of a non-trading shell company within the meaning ascribed by IFRS 2 – share based payment.

The fair value of the shares issued to IGIC was based on the share value used in private placements.

The consideration of 1,300,000 shares at $1,040,000 was allocated to identifiable assets and liabilities of IGIC as follows:

	$
Cash	**467,790**
Sales tax receivable	**2,966**
Accounts payable	**(11,858)**
Purchase price of net assets	**458,898**
Public listing expense	**581,102**
Total consideration	**1,040,000**

IGIC share capital and contributed surplus have been eliminated upon consolidation. The excess of the purchase price over net assets acquired has been recorded as public listing expense.

An additional $113,775 of professional fees related to the amalgamation was also recorded as public listing expenses.

3. Significant accounting policies

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2011.

4. Comparative figures

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation adopted in the current year.

5. Accounts receivable

Accounts receivable are carried on the balance sheet net of an allowance for doubtful accounts. This provision is established based on the company's best estimates regarding the ultimate recovery of balances for which collection is uncertain. Uncertainty of ultimate collection may become apparent from various indicators, such as a deterioration of the credit situation of a given client and delay in collection beyond the contractually agreed upon payment terms. Management regularly reviews accounts receivable, monitors past due balances and assesses the appropriateness of the allowance for doubtful accounts. The provision for 2012 was nil (2011 - nil).
Details of accounts receivable were as follows:

	March 31, 2012 $	December 31, 2011 $
1 – 30 days	**186,023**	251,916
30 – 60 days	**16,264**	63,778
61 – 90 days	**62,767**	7,338
Greater than 90 days	**129,166**	434,711
Total	**394,220**	757,743
Receivable from joint operator	**622,879**	401,107
Other receivable	**9,435**	-
Total accounts receivable	**1,026,534**	1,158,850

6. Investment tax credits receivable

Research and development tax credits in the amount of $63,205 (2011 - $506,033) have been included as a reduction of $789,634 (2011 - $728,933) of related research and development expenses.

7. Machinery and equipment

2012	**Computer hardware $**	**Computer software $**	**Machinery $**	**Computer hardware under capital lease $**	**Torch asset under construction $**	**Total $**
Cost:						
Balance at January 1, 2012	**129,370**	**202,883**	**1,545,260**	**25,859**	**359,269**	**2,262,641**
Additions	**2,366**	**230**	**-**	**-**	**268,593**	**271,189**
Disposals	**-**	**-**	**-**	**-**		**-**
Balance at March 31, 2012	**131,736**	**203,113**	**1,545,260**	**25,859**	**627,862**	**2,533,830**
Accumulated amortization:						
Balance at January 1, 2012	**(92,603)**	**(131,328)**	**(552,028)**	**(25,859)**	**-**	**(801,818)**
Amortization	**(4,269)**	**(8,958)**	**(49,663)**	**-**	**-**	**(62,890)**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Balance at March 31, 2012	**(96,872)**	**(140,286)**	**(601,691)**	**(25,859)**	**-**	**(864,708)**
Net book value	**34,864**	**62,827**	**943,569**	**-**	**627,862**	**1,669,122**

2011	Computer hardware $	Computer software $	Machinery $	Computer hardware under capital lease $	Torch asset under construction $	Total $
Cost:						
Balance at January 1, 2011	113,765	139,497	1,538,931	25,859	-	1,818,052
Additions	15,605	63,386	6,329	-	359,269	444,589
Disposals	-	-	-	-	-	-
Balance at December 31, 2011	129,370	202,883	1,545,260	25,859	359,269	2,262,641
Accumulated amortization:						
Balance at January 1, 2011	(68,904)	(91,466)	(304,512)	(14,836)	-	(479,718)
Amortization	(23,699)	(39,862)	(247,516)	(11,023)	-	(322,100)
Disposals	-	-	-	-	-	-
Balance at December 31, 2011	(92,603)	(131,328)	(552,028)	(25,859)	-	(801,818)
Net book value	36,767	71,555	993,232	-	359,269	1,460,823

8. Licenses and intellectual property

Intangible assets are made up of licenses as follows:

2012	**Licences** **$**	**Intellectual property** **$**	**Total** **$**
Cost:			
Balance at January 1, 2012	**-**	**8,409,051**	**8,409,051**
Additions	**-**	**-**	**-**
Disposals	**-**	**-**	**-**
Balance at March 31, 2012	**-**	**8,409,051**	**8,409,051**
Accumulated amortization:			
Balance at January 1, 2012	**-**	**1,424,082**	**1,424,082**
Amortization	**-**	**349,268**	**349,268**
Disposals	**-**	**-**	**-**
Balance at March 31, 2012	**-**	**1,773,350**	**1,773,350**
Net book value	**-**	**6,635,701**	**6,635,701**

2011	Licences $	Intellectual property $	Total $
Cost:			
Balance at January 1, 2011	772,625	-	772,625
Additions	-	7,636,426	7,636,426
Reclassification on acquisition of property	(772,625)	772,625	-
Balance at December 31, 2011	-	8,409,051	8,409,051
Accumulated amortization:			
Balance at January 1, 2011	(309,050)	-	(309,050)
Amortization	(77,263)	(1,037,769)	(1,115,032)
Reclassification on acquisition of property	386,313	(386,313)	-
Balance at December 31, 2011	-	(1,424,082)	(1,424,082)
Net book value	-	6,984,969	6,984,969

On March 19, 2011, intellectual property and know-how was sold to PyroGenesis for $14,280,000 from a company controlled by the Company's controlling shareholder and will be payable in equal monthly instalments of $40,000 (Note 13) without interest. The payments commence on April 1, 2011 until December 31, 2040. The fair market value of this property is estimated to be $7,636,426.

The intellectual property and know-how is being amortized on a straight line basis over the remaining useful life of 5.79 years.

9. Accounts payable and accrued liabilities

	March 31, 2012 $	December 31, 2011 $
Accounts payable trade	**1,030,389**	1,353,078
Accrued liabilities	**1,067,848**	606,970
Accounts payable to a company under common control	**2,058**	40,751
Accounts payable - shareholder	**106,591**	160,000
Accounts payable - trust beneficially owned by the shareholder	**76,387**	7,595
Accounts payable - joint operator	**-**	245,959
	2,283,273	2,414,353

10. Joint operations

PyroGenesis entered into an agreement with another company to share costs, benefits and risks associated with the development of a pilot plasma destruction unit.

PyroGenesis has a 50% share in the joint operations. The only activities to date have been the construction of a torch asset which is included in machinery and equipment in Note 7.

11. Loans - other

	2012 $	2011 $
Balance of sale - company under common control	**7,516,793**	7,547,242
Amounts payable - shareholder	**-**	224,093
Amounts payable - trust beneficially owned by the shareholder	**344,190**	339,103
Promissory note payable - company under common control	**200,000**	200,000
	8,060,983	8,310,438
Current portion	**325,445**	548,050
	7,735,538	7,762,388

This balance of sale is payable in monthly instalments of $40,000 from April 1, 2011 until December 31, 2040 and bears interest at an implicit rate of 4.753% per annum (see Note 9).

Amounts payable - shareholder and amounts payable - trust beneficially owned by the shareholder bear interest at 6% and have no set terms of repayment.

Promissory note payable - company under common control is non-interest bearing and is due December 2012.

12. Long-term debt – current portion

	2012 **$**	2011 $
$1,000,000 convertible debenture, including accumulated accretion of $23,604 (2010 – nil)	**-**	976,396

On March 29, 2012, the convertible debt was repaid by the Company.

13. Shareholders' equity

2012

On March 29, 2012, the Company completed a short-form prospectus in which 4,424,555 units were issued at a price of $0.80 each for gross process of $3,539,644. Each unit consisted of one common share and a share purchase warrant exercisable at the strike price of $1.20 per common share over the next 3 years.

In accordance with the Black Scholes pricing model, the Company has allocated a value of $0.34 to the purchase warrants for a total cost of $1,517,622 which has been credited to contributed surplus. The following assumptions under the Black Scholes model were used to arrive at this cost.

Risk free interest rate	2.23%
Expected volatility	80%
Expected dividend yield	nil
Expected life	3 years

Share issue costs of $234,000 were paid in cash to the agents, along with 309,719 of brokers warrants exercisable for a period of 12 months following the closing date.

In accordance with the Black Scholes pricing model, the Company has allocated a value of $0.25 to the broker warrants for a total cost of $78,978 which has been credited to contributed surplus. The following assumptions under the Black Scholes model were used to arrive at this cost.

Risk free interest rate	2.23%
Expected volatility	80%
Expected dividend yield	nil
Expected life	1 years

2011

(i) On March 21, 2011, the holder of the 1,093,800 class F shares of PyroGenesis, waived and renounced any and all rights to receive dividends or redemption of these shares. Furthermore, the holder agreed to grant PyroGenesis 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 PyroGenesis.

(ii) On March 22, 2011, the Class A shares of PyroGenesis were consolidated on a 0.0485097 for one basis and on March 29, 2011 the shares were subdivided on a 21.08 for one basis.

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

13. Shareholders' equity - cont'd

(iv) On March 30, 2011, PyroGenesis completed a private placement of 5,083,250 subscription receipts to acquire Class A shares at a subscription price of $0.80 per subscription receipt for net proceeds of $3,596,375 after a cash commission paid to the agents of $296,786 and professional fees of $173,438. On closing, the agents will receive 355,827 options at a price of $0.80 which can be exercised until March 30, 2012.

In accordance with the Black Scholes pricing model, PyroGenesis has allocated a value of $0.31 to the options for a total cost of $110,306 which has been credited to contributed surplus. The following assumptions under the Black Scholes model were used to arrive at this cost:

Risk free interest rate	1.35%
Expected volatility	100%
Expected dividend yield	nil
Expected life	1 year

(v) On March 22, 2011, FCD signed a convertible debenture agreement with the company.

The $1,000,000 convertible debenture is due December 31, 2012 and bears interest at 15% per annum. Interest on the debenture is due as of April 1, 2011. The convertible debenture will convert automatically into 1,388,889 shares upon the completion of the Qualifying Transaction. Net proceeds from the debenture were $896,898 after payment of fees of $103,102 which was charged against share capital.

Broker warrants

At March 31, 2012, the following exercisable broker warrants were outstanding:

	Granted	Exercisable	Weighted averaged exercise price	Expiry date
Balance – January 1, 2011	-	-	-	
Warrants granted	355,827	355,827	$0.80	March 30, 2012
Balance – December 31, 2011	355,827	355,827	$0.80	
Options granted	309,719	309,719	$0.80	March 29, 2013
Balance – March 31, 2012	665,546	665,546	$0.80	

Stock options

At March 31, 2012, the following exercisable stock options were outstanding:

Granted	Exercisable	Weighted averaged exercise price	Expiry date
40,000	20,000	$0.80	July 2016
200,000	50,000	$0.80	July 2016
2,910,000	219,000	$0.80	July 2016
3,150,000	289,000	$0.80	

13. Shareholders' equity - cont'd

Share purchase warrants

At March 31, 2012, the following exercisable broker warrants were outstanding:

	Granted	Exercisable	Weighted averaged exercise price	Expiry date
Balance – January 1, 2012	-	-	-	
Warrants granted	4,424,555	4,424,555	$1.20	March 29, 2015
Balance – March 31, 2012	4,424,555	4,424,555	$1.20	

14. Supplemental disclosure of expenses and cash flow information

(i) Net changes in non-cash components of operating working capital

For the three months ended March 31,	**2012** **$**	2011 $
Decrease (increase) in:		
Deposits in escrow	**-**	(3,596,375)
Accounts receivable	**132,316**	21,691
Sales taxes receivable	**64,531**	114,509
Costs and profits on uncompleted contracts in excess of billings	**(102,269)**	-
Investment tax credits receivable	**989,521**	(506,033)
Prepaid expenses	**(67,067)**	17,075
Increase (decrease) in:		
Accounts payable and accrued liabilities	**(131,080)**	(139,218)
Sales taxes payable	**13,554**	-
Billings in excess of costs and profits on uncompleted contracts	**(606,202)**	(57,413)
	293,304	(4,145,764)

(ii) non-momentary transactions

On March 19, 2011, the Company signed an agreement to purchase licenses from a company controlled by a shareholder having a fair market value of $7,636,426. Long-term debt of $7,636,426 was assumed on the sale.

15. Other information

The Company is exposed to gains and losses as a result of foreign currency exchange fluctuations. Included in cost of sales and services is a foreign exchange gain of $8,566 (2011 - $9,171 foreign exchange loss),

During the three month period ended March 31, 2012, the Company recorded salary expenses of $873,207 (2011 Q1- $1,019,150).

16. Related party transactions

Rent was charged by a trust of which at least one of the trustees and beneficiaries is a shareholder and director of the Company in the amount of $30,995 (2011 - $29,494). A balance due of $76,387 (2011 - $7,595) is included in accounts payable and accrued liabilities.

Interest on long-term debt was charged by a trust of which at least one of the trustees and beneficiaries is a shareholder and director of the company in the amount of $16,805 (2011 - $4,000). Interest on long-term debt was also charged by a shareholder in the amount of $11,120 (2011 - $3,000). The balance of interest on long-term debt that has not been paid of nil (2011 - $16,805) is included in loans - other.

Interest on long-term debt was charged by a company under common control in the amount of $89,551 (2011 – nil).

Salaries to key management personal amounted to $108,750 (2011 - $108,750).

Fees of $26,917 were charged by a director (2011 - $15,000). A balance of nil (2011 - $43,816) is included in accounts payable and accrued liabilities.

Rent of $99,000 (2011 - $110,100) was charged by a company under common control. A balance due of $2,058 (2011 - $40,751) is included in accounts payable and accrued liabilities.

Royalties of nil (2011 - $75,000) were charged by a company controlled by a shareholder.

These transactions are in the normal course of business and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

17. Credit risk

Risk management

The company generates revenues from customers in North America. The company performs credit evaluations of customers and generally does not require collateral. Allowances are maintained for potential losses. It is reasonably possible that the actual amount of loss, if any, incurred on accounts receivable will differ from management's estimate.

One customer made up 26% trade receivables and a second customer made up 20% (2011 - three customers accounted for 89%).

One customer made up 68% (2011 - 26%) of revenues from operation and a second customer made up 19% (2011 - one customer made up 32%, a second customer made up 22% and a third customer made up 19%).

PyroGenesis Canada Inc.

Condensed
Interim Financial Statements

Three Months Ended March 31, 2012 and 2011

(Unaudited)

PyroGenesis Canada Inc.

Three Months Ended
March 31, 2012 and 2011

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