

PyroGenesis announces second quarter results

MONTREAL, Aug. 29, 2011 /CNW/ - **PyroGenesis Canada Inc.** ("PyroGenesis" or the "Company") (TSX-V: PYR), an environmental solutions company that designs, develops and manufactures plasma waste-to-energy systems and plasma torch products, today announced its financial and operational results for the second quarter ended June 30, 2011. This is PyroGenesis' first reporting period since the Company began trading on the TSX Venture Exchange on July 20, 2011.

Second Quarter Highlights

- Made significant progress on the construction of the Plasma Arc Waste Destruction System ordered for the U.S. Navy's next-generation aircraft carrier
- Continued to advance the production of the land-based Plasma Resource Recovery system ordered by the U.S. Air Force
- Received final approval from the TSX Venture Exchange for the Company's recently completed Qualifying Transaction with Industrial Growth Income Corporation

"PyroGenesis' efficient, plasma-based waste management solutions continue to attract interest," said P. Peter Pascali, President and Chief Executive Officer of PyroGenesis. "Today's waste management market is looking for a highly efficient solution that is environmentally sound, cost effective and deployed within a small footprint. Because our systems were originally designed for the rigors of the marine market, we are accustomed to meeting and exceeding market expectations. Our commercial relationships with demanding organizations such as the U.S. Navy and Air Force create a strong foundation for the Company as we seek to expand our customer base going forward."

Financial Summary

Revenue

Total revenue for the quarter was \$167,000 compared to \$1,929,000 in Q2 2010, a decrease of \$1,762,000. Revenue for the year-to-date ("YTD") period was \$1,375,000 compared to \$3,858,000 in the prior period, a decrease of \$2,483,000. The decline in revenue year-over-year was primarily a result of the timing of payments on the two major contracts the Company is in the process of completing.

Gross Profit/(Loss)

Gross profit for the quarter was (\$1,056,000) compared to \$940,000 during the quarter ended June 30, 2010, a reduction of \$1,996,000. For the YTD period, gross profit was (\$679,000) compared to \$739,000 in the prior period, a decrease of \$1,418,000.

Selling, General and Administrative Expenses

Selling, general and administrative costs for the quarter were \$1,409,000 compared to \$939,000 for the same period in 2010, an increase of \$470,000. Selling, general and administrative costs for the YTD period were \$2,392,000 compared to \$1,744,000 in the prior period, an increase of 648,000. The higher expenses realized during the first six months of 2011 can be attributed primarily to the increased staffing levels necessary to support the anticipated growth of the business.

Loss from Operations

The loss from operations during the quarter was \$2,670,000 compared to \$62,000 for the same period in 2010, an increase of \$2,608,000. Loss from operations for the YTD period was \$3,374,000 compared to \$1,127,000 in the prior period, an increase of \$2,247,000.

Net Loss (Excluding comprehensive loss)

The net loss in Q2 2011 was \$2,670,000 or \$0.06 per basic common share, compared to a net loss of \$62,000 or \$0.00 per share, for the quarter ended June 30, 2010, an increase of \$2,608,000 or \$0.06 per share. For the YTD period, the net loss was \$3,372,000, or \$0.07 per basic share, compared to \$1,126,000, or \$0.02 per share in the prior period, an increase of \$2,246,000 or \$0.05 per share.

Liquidity

As at June 30, 2011, PyroGenesis' cash balance was \$3,791,000, including deposits in escrow, compared with \$237,000 on December 31, 2010. Working capital as of June 30, 2011, was \$2,436,000.

About PyroGenesis Canada Inc.

PyroGenesis Canada is an environmental solutions company that designs, develops and manufactures plasma waste-to-energy systems and plasma torch products. PyroGenesis' proprietary plasma technologies utilize the intense energy of plasma to gasify and vitrify virtually any type of waste without producing hazardous by-products. PyroGenesis' patented gasification and vitrification technology is different from incineration because it produces a clean synthetic gas from waste, which can be used for power generation. PyroGenesis' technology can also turn waste into a glassy rock that can be utilized as construction material. PyroGenesis has marquee defense industry and civilian customers that are using its technology in marine and land-based

applications. For more information, please visit www.pyrogenesis.com

This press release contains certain forward-looking statements, including, without limitation, statements containing the words "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect", "in the process" and other similar expressions which constitute "forward-looking information" within the meaning of applicable securities laws. Forward-looking statements reflect the Company's current expectation and assumptions, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. These forward-looking statements involve risks and uncertainties including, but not limited to, our expectations regarding the acceptance of our products by the market, our strategy to develop new products and enhance the capabilities of existing products, our strategy with respect to research and development, the impact of competitive products and pricing, new product development, and uncertainties related to the regulatory approval process. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks and uncertainties and other risks detailed from time-to-time in the Company's ongoing filings with the securities regulatory authorities, which filings can be found at www.sedar.com. Actual results, events, and performance may differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements either as a result of new information, future events or otherwise, except as required by applicable securities laws.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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