



PyroGenesis Receives Final Payment on First Commercial Drosrite™ System; Additionally, Enters Middle Eastern Market with Paid Demonstration

MONTREAL, QUEBEC--(Marketwired - July 5, 2016) - PyroGenesis Canada Inc. (<http://pyrogenesis.com>) (TSX VENTURE:PYR) (OTCQB:PYRNF) (the "Company" or "PyroGenesis") that designs, develops, manufactures and commercializes plasma waste-to-energy systems and plasma torch products announces today that it has received the final payment for the sale of its first commercial DROSRITE™ System (the "System" or "DROSRITE™") from a North American automobile parts manufacturer (the "Client"). The name of the Client remains confidential for competitive reasons. Additionally, the Company is pleased to announce that it has received payment for the demonstration of its DROSRITE™ System to a new client located in the Middle East (the "New Client"). After China, the Middle East is the largest aluminum producing region in the world (1).

As previously announced on April 18, 2016, PyroGenesis' DROSRITE™ System is a salt-free, cost-effective, sustainable process for maximizing metal recovery from dross, a waste generated in the metallurgical industry. PyroGenesis' patented process avoids costly loss of metal while reducing a smelter's carbon footprint and energy consumption, providing an impressive return on investment.

PyroGenesis filed for an international DROSRITE™ patent in 2012 and entered into the national phase application in 2014.

"This final payment clearly demonstrates the System's capabilities in a commercial setting," said Pierre Carabin, Director of Engineering of PyroGenesis. "The System has, to date, already recovered over 45,000 lbs of aluminum. The primary aluminum industry produced over 110 million tonnes of aluminum worldwide in 2015, resulting in an estimated 2.1 million tonnes of dross (2). It would take over 700 Drosrite™ Systems, of the size that was recently sold to our Client, to process all this dross, and this does not include dross from secondary and aluminum casting producers".

Additionally, the Company announces that it has received a payment from a New Client in the Middle East for a demonstration of the DROSRITE™ System at the said client's facility. Of note, the Middle East represents 8% of the world primary aluminum production market, which, after China, represents the largest aluminum producing region in the world(3).

"This New Client has a need for two (2) full scale Systems which we expect will translate into orders once the demonstration is successful," said Alex Pascali, Sales Manager of PyroGenesis. "This demonstration provides the Company with additional opportunities to further expand within the Middle East, which region, alone, represents a potential market of over \$37M from primary aluminum producers."

"This is an exciting time for our DROSRITE™ technology," said P. Peter Pascali, President and CEO of PyroGenesis. "Not only does the final payment signify the first commercial acceptance of our patented process, it has also led to discussions with the Client for 3 additional systems, and more importantly, has allowed the Company to penetrate the Middle Eastern market with a demonstration of our

DROSRITE™ capabilities. The Company will continue to effectively identify potential clients for our DROSRITE™ Systems worldwide, and, as a result, we expect to see significant growth from this business segment over the near future."

Shares for Debt Transaction

The Company is pleased to announce that, further to its press release of June 18, 2016, the Company has entered into an additional agreement with a creditor (the "Creditor") for its previously announced shares for debt transaction (the "Originating Shares for Debt Transaction"). Pursuant to the terms of the said agreement, the Creditor has requested, and PyroGenesis has agreed, to issue common shares in the capital of the Company ("Common Shares") at a deemed price of \$0.20 per Common Share in the aggregate amount of \$150,000 owing by PyroGenesis to the Creditor. The Company received today conditional approval for the foregoing additional agreement.

Of note, the Company received conditional approval from the TSXV for the Originating Shares for Debt Transaction on June 23, 2016. The Originating Shares for Debt Transaction, including the foregoing additional transaction, remains subject to final TSXV approval, as well as the satisfaction of other customary closing conditions.

Amendment of Warrants

Additionally, the Company announces that it has applied to the TSXV to amend the terms of certain common share purchase warrants (the "Warrants") issued by the Company in connection with a private placement of the Corporation completed on November 26, 2014 (the "Private Placement").

Pursuant to the Private Placement, the Warrants entitled the holder thereof to acquire a common share in the capital of the Corporation ("Common Shares") at an exercise price \$0.55 for a period of 24 months following the closing of the said Private Placement.

In connection with this proposed Warrant amendment, the exercise price of the Warrants will be reduced to \$0.26 and the expiry date of the Warrants will be reduced so as to expire forty-five days following the completion of this proposed Warrant amendment. In accordance with the policies of the TSV, this proposed Warrant amendment will also include the addition of an accelerated expiry provision such that the exercise period of the Warrants will be reduced to thirty (30) days if, for any ten (10) consecutive trading days during the unexpired term of such Warrants (the "Premium Trading Days"), the closing price of the Company's Common Shares exceeds the amended exercise price by 25% or more (which would be a trading price of \$0.50 per common share or lower), with the 30-day expiry period to begin no more than seven (7) calendar days after the 10th Premium Trading Day.

The proposed Warrant amendment is subject to the approval of the TSXV.

SR&ED Tax Credit Financing

Separately, the Company announces that it has completed its previously announced SR&ED tax credit financing (the "Financing"), wherein the Company received funding in the form of two (2) loans from R & D Capital Inc. ("R & D") in the principal amount CDN\$456,200 (together, the "Loans"). The Loans bear

an interest of 1.5% per month, corresponding to a yearly rate of 18%. The Company paid management fees equivalent to 5% of the amount of each respective loan. The Loans will mature nine (9) months and twelve (12) months from the date of disbursement of each loan, respectively.

Pursuant to the terms of the Financing, as further amended, the Corporation granted R & D a security interest and movable hypothec on the universality of its assets, excluding its intellectual property, with a first rank claim on the refundable portion of the SR&ED tax credits for the 2014 and 2015 fiscal years, respectively.

The Company received conditional approval from the TSXV for the Financing on May 10, 2016. The Financing remains subject to final TSXV approval, as well as the satisfaction of other customary closing conditions.

About PyroGenesis Canada Inc.

PyroGenesis Canada Inc. is the world leader in the design, development, manufacture and commercialization of advanced plasma processes. We provide engineering and manufacturing expertise, cutting-edge contract research, as well as turnkey process equipment packages to the defense, metallurgical, mining, advanced materials (including 3D printing), oil & gas, and environmental industries. With a team of experienced engineers, scientists and technicians working out of our Montreal office and our 3,800 m² manufacturing facility, PyroGenesis maintains its competitive advantage by remaining at the forefront of technology development and commercialization. Our core competencies allow PyroGenesis to lead the way in providing innovative plasma torches, plasma waste processes, high-temperature metallurgical processes, and engineering services to the global marketplace. Our operations are ISO 9001:2008 certified, and have been since 1997. PyroGenesis is a publicly-traded Canadian company on the TSX Venture Exchange (Ticker Symbol: PYR) and on the OTCQB Marketplace (Ticker Symbol: PYRNF). 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, or at www.otcmarkets.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, its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) nor the OTCQB accepts responsibility for the adequacy or accuracy of this press release.

SOURCE PyroGenesis Canada Inc.

(1) www.world-aluminium.org.

(2) www.world-aluminium.org.

(3) www.world-aluminium.org.

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