A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

*These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".*

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of PyroGenesis Canada Inc. at 200-1744 William Street, Montreal, Québec H3J 1R4, telephone (514) 937-0002, and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue February 13, 2012

PYROGENESIS CANADA INC.

$● (Minimum Offering)
$● (Maximum Offering)

A minimum of ● Units and
a maximum of ● Units

This short form prospectus is being filed by PyroGenesis Canada Inc. ("**PyroGenesis**" or the "**Corporation**") to qualify the distribution of a minimum (the "**Minimum Offering**") of ● units (the "**Units**") of the Corporation and a maximum (the "**Maximum Offering**" and together with the Minimum Offering, the "**Offering**") of ● Units at a price of $● per Unit (the "**Offering Price**"). Each Unit consists of one common share (a "**Unit Share**") in the capital of the Corporation and ● common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"). The Units will separate into Unit Shares and Warrants immediately upon issue. Each Warrant will entitle the holder thereof to purchase one common share (a "**Warrant Share**") in the capital of the Corporation at a price of $ ● per Warrant Share for a period of ● years following the closing of the Offering. The Units will be issued pursuant to an agency agreement (the "**Agency Agreement**") dated ●, 2012 among the Corporation and Versant Partners Inc. and Stonecap Securities Inc. (together, the "**Agents**"). The Offering Price was determined by negotiation between the Corporation and the Agents. See "Plan of Distribution".

The outstanding common shares (the "**Common Shares**") of the Corporation are listed and posted for trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "PYR". On February 10, 2012, the last trading day prior to the date of this short form prospectus, the closing price of the Common Shares on the TSXV was $0.87. **There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants to be distributed under this short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See "Risk Factors".** The Corporation has applied to list the Unit Shares, Warrant Shares and Broker Unit Shares (as defined herein) on the TSXV. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSXV.

Price: $● per Unit

	Price to the Public	Agents' Fee [(1)]	Net Proceeds to the Corporation [(2)]
Per Unit…..……..…..…..…	$●	$●	$●
Total – Minimum Offering [(3)]……	$●	$●	$●
Total – Maximum Offering [(3)] …	$●	$●	$●

(1) In consideration for the services rendered by the Agents in connection with the Offering, the Agents will be paid an aggregate cash fee of $● if the Minimum Offering is completed or $ ● if the Maximum Offering if completed (the "**Agents' Fee**"), in each case representing 7.0% of the gross proceeds of the Offering. As additional consideration, the Agents will be granted broker warrants (the "**Broker Warrants**") exercisable at the Offering Price, entitling the Agents to subscribe for that number of Units (the "**Broker Units**") equal to 7.0% of the number of Units issued pursuant to the Offering (including in respect of any exercise of the Agents' Option (as defined herein)). Each Broker Unit is comprised of one Common Share (a "**Broker Unit Share**") and one Warrant. The Broker Warrants shall be exercisable for Broker Units for a period of 12 months following the Closing Date (as defined herein). This short form prospectus qualifies the distribution of the Broker Warrants to the Agents.

(2) After deducting the Agents' Fee, but before deducting expenses of the Offering, including in connection with the preparation and filing of this short form prospectus, which are estimated to be $● and which will be paid from the proceeds of the Offering.

(3) The Corporation has granted the Agents an option (the "Agents' Option"), exercisable in whole or in part, at any time and from time to time, in the sole discretion of the Agents, up to 48 hours prior to the closing of the Offering, to purchase up to an additional 15% of the Units sold pursuant to the Offering, being ● Units if the Minimum Offering is completed or up to ● Units if the Maximum Offering is completed (the "Additional Units"), at the Offering Price. The grant of the Agents' Option and the distribution of the Additional Units issuable upon exercise of the Agents' Option, if any, are hereby qualified under this short form prospectus. A person who acquires Additional Units issuable on the exercise of the Agents' Option acquires such Additional Units under this short form prospectus regardless of whether the over-allocation position is ultimately filled through the exercise of the Agents' Option or secondary market purchases. If the Agents' Option is exercised in full and the Minimum Offering is completed, the total Price to the Public, Agents' Fee and Net Proceeds to the Corporation (before payment of the expenses of the Offering) will be $●, $● and $●, respectively. If the Agent's Options is exercised in full and the Maximum Offering is completed, the total Price to the Public, Agents' Fee and Net Proceeds to the Corporation (before payment of the expenses of the Offering) will be $●, $● and $●, respectively. See "Plan of Distribution" and the table below:

Agents' Position	Maximum Number of Units Available[(1)]	Exercise Period	Exercise Price
Agents' Option	● Additional Units	Up to 48 hours prior to the closing of the Offering	$● per Additional Unit
Broker Warrants	● Broker Units	12 months following the closing of the Offering	$● per Broker Unit

(1) Assuming completion of the Maximum Offering.

In this short form prospectus, all references to the "**Offering**" shall include the Agents' Option and all references to "**Units**" and "**Broker Warrants**" shall include the additional securities that may be issued pursuant to the exercise of the Agents' Option.

Subject to applicable laws, the Agents may, in connection with the Offering, effect transactions intended to stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

The Agents hereby conditionally offer the Units for sale on a commercially reasonable effort basis, without underwriter liability, subject to prior sale, if, as and when issued by the Corporation and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution", subject to the approval of certain legal matters on behalf of the Corporation by Cassels Brock & Blackwell LLP, and on behalf of the Agents by Heenan Blaikie LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will occur on or about ●, 2012, or on such other date as may be agreed upon by the Corporation and the Agents (the "**Closing Date**"). Other than the Unit Shares and Warrants issued in connection with the sale of Units in the United States or to U.S. persons, which will be represented by definitive certificates, it is expected that the Corporation will arrange for an instant deposit of the Unit Shares and Warrants to or for the account of the Agents with CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee on the Closing Date, against payment of the aggregate purchase price for the Units. A purchaser of Units (other

than a purchaser of Units in the United States or who is a U.S. person) will receive only a customer confirmation from the registered dealer through which Units are purchased. See "Plan of Distribution".

Until such time as closing has occurred in respect of the Minimum Offering, all subscription funds received by the Agents will be held in trust, pending closing of the Minimum Offering. If the Minimum Offering has not been subscribed for within the distribution period of the Units, the Agents shall promptly return the proceeds of the subscription to the subscribers without interest or deduction unless such subscribers have instructed the Agents otherwise.

An investment in the Units is highly speculative and involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risks outlined in this short form prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See "Risk Factors".

The registered office of the Corporation is located at 4000-1 Place Ville Marie, Montreal, Québec H3B 4M4. The head office of the Corporation is located at 200-1744 William Street, Montreal, Québec H3J 1R4.

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Readers should rely only on information contained or incorporated by reference in this short form prospectus. The Corporation has not authorized anyone to provide the reader with different information. The Corporation is not making an offer of these securities in any jurisdiction where the offer is not permitted. Readers should not assume that the information contained or incorporated by reference in this short form prospectus is accurate as of any date other than the date on the front of this short form prospectus or the respective dates of the documents incorporated by reference herein. The Corporation does not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws.

EXEMPTION FROM NATIONAL INSTRUMENT 44-101

Pursuant to a decision of the Autorité des marchés financiers dated February 13, 2012, the Corporation was granted relief from the requirement that certain documents incorporated by reference into this preliminary short form prospectus must be in both the English and French languages. For purposes of this preliminary short form prospectus only, the Corporation is not required to file French versions of the documents incorporated herein by reference, other than those already filed by the Corporation.

PROMOTER

P. Peter Pascali, the Corporation's President and Chief Executive Officer and a member of the board of directors of the Corporation, may be considered to be a promoter of the Corporation, as he has taken the initiative in founding the business of the Corporation. Mr. Pascali currently owns 28,082,505 Common Shares (2,786,505 Common Shares are owned by Fiducie De Crédit Mellon Trust of which Mr. Pascali and certain relatives are potential beneficiaries) and 500,000 options to purchase Common Shares, representing approximately 47.5% and 48.4% of the issued and outstanding Common Shares on a non-diluted and fully-diluted basis, respectively.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This short form prospectus, including the documents incorporated by reference herein, contains forward-looking statements. All statements other than statements of historical fact contained in this short form prospectus or incorporated by reference herein are forward-looking statements, including, without limitation, the Corporation'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 Corporation 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 short form prospectus, including the documents incorporated by reference herein, contains forward-looking statements relating to:

- the business strategy of the Corporation;
- the waste management industry; and
- the ability of the Corporation to procure additional sales from new and existing customers.

By their nature, forward-looking statements require assumptions and are subject to inherent risks and uncertainties including those discussed herein and those discussed in the documents incorporated by reference 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 Corporation's discretion in the use of proceeds of the Offering and any future sales or issuances of securities of the Corporation, and the risk factors described under the heading "Risk Factors" in the Annual Information Form (as defined herein). The Corporation cautions that the foregoing list of factors is not exhaustive, and that, when relying on forward-looking statements to make decisions with respect to the Corporation or the Common Shares, 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 Corporation 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 short form prospectus, and the Corporation 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 short form prospectus are made as of the date of this short form prospectus or such other date specified herein.

FINANCIAL INFORMATION

The financial statements of the Corporation and PyroGenesis Canada Inc. (the "**Predecessor**"), a predecessor of the Corporation, incorporated by reference in this short form prospectus have been prepared in accordance with Canadian generally accepted accounting principles, in respect of the Annual Financial Statements (as defined herein), and international financial reporting standards, in respect of the Interim Financial Statements (as

defined herein), and are reported in Canadian dollars. All currency amounts in this short form prospectus are expressed in Canadian dollars, unless otherwise indicated.

ELIGIBILITY FOR INVESTMENT

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Corporation, and Heenan Blaikie LLP, counsel to the Agents, based on the current provisions of the *Income Tax Act* (Canada) (the "**Tax Act**"), the regulations thereunder and the proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, (i) the Unit Shares comprised in the Units, (ii) the Warrants comprised in the Units and (iii) the Warrant Shares to be issued on the exercise of the Warrants will be, at the time of their respective issuances, "qualified investments" under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax free savings accounts ("**TFSA**") (all as defined by the Tax Act) (the "**Registered Plans**"), provided that:

(i) in the case of the Unit Shares comprised in the Units, such Unit Shares are listed on a "designated stock exchange" as defined by the Tax Act (which includes the TSXV) at the time of their issuance;

(ii) in the case of Warrants comprised in the Units, the Warrant Shares to be issued on the exercise of the Warrants are listed on a "designated stock exchange" as defined by the Tax Act (which includes the TSXV) at the time of their issuance and provided that the Corporation and any person who does not deal at arm's length (within the meaning of the Tax Act) with the Corporation, is not an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, a Registered Plan, at such time; and

(iii) in the case of Warrant Shares to be issued on the exercise of the Warrants comprised in the Units, such Warrant Shares are listed on a "designated stock exchange" as defined by the Tax Act (which includes the TSXV) at the time of their issuance.

Notwithstanding the foregoing, a holder of a trust governed by a TFSA and an annuitant under an RRSP or RRIF that holds Unit Shares, Warrants or Warrant Shares will be subject to a penalty tax if such securities are a "prohibited investment" for the purposes of the Tax Act. The Unit Shares, Warrants and Warrant Shares will not be a "prohibited investment" for a trust governed by a TFSA, RRSP or RRIF, provided, for purposes of the Tax Act, the holder of the TFSA, or annuitant under the RRSP or RRIF, deals at arm's length with the Corporation and does not have a "significant interest" (within the meaning of the Tax Act) in the Corporation or in any corporation, partnership or trust with which the Corporation does not deal at arm's length for purposes of the Tax Act. Holders of a TFSA or annuitants of a RRSP or RRIF should consult their own tax advisors to ensure the Unit Shares, Warrants and Warrant Shares would not be a prohibited investment in their particular circumstances.

QUEBEC STOCK SAVINGS PLAN II

The Corporation has obtained an advance income tax ruling from the Agence du Revenu du Québec (the "**Agency**") confirming that the Corporation qualifies as a qualified issuing corporation and that the Unit Shares (and the additional Common Shares comprised in the Additional Units (the "**Additional Unit Shares**") which are issued from treasury) qualify as qualifying shares, upon issuance, for inclusion in a Quebec Stock Savings Plan II ("**QSSP II**") in accordance with the Taxation Act (Québec) and the regulations adopted thereunder that are in effect as of the date hereof (collectively, the "**Québec Act**"), subject to certain conditions set out therein. The Corporation has certified that the factual representations described in the QSSP II ruling request are complete and accurate.

The inclusion in a QSSP II of the Unit Shares (or the Additional Unit Shares issued from treasury) will entitle an individual (other than a trust) who is resident in Québec on December 31, 2012 to deduct, in the computation of his or her taxable income for Québec tax purposes for his or her 2012 taxation year, 100% of the acquisition cost (established without taking into account borrowing costs, brokerage costs, custody charges or other similar costs) of the Unit Shares (or Additional Unit Shares issued from treasury) and included in a QSSP II no later than January 31, 2013, subject to certain conditions contained in the Québec Act. **In this regard, the individual**

must conclude an arrangement with a dealer within the meaning of the Québec Act and indicate his or her intention to include such Unit Shares (or Additional Unit Shares issued from treasury) in a QSSP II of which he or she is the beneficiary.

For the 2012 taxation year, an individual may not claim a deduction in respect of a QSSP II that exceeds 10% of his or her total income for the year (within the meaning of the Québec Act). The amount of such deduction will be included in computing the individual's adjusted taxable income for Québec minimum tax purposes.

An individual who includes a Unit Share (or an Additional Unit Share issued from treasury) in a QSSP II and who withdraws it from such plan, for example by selling it, prior to the end of the second taxation year following the year of its acquisition, may be required to include an amount of up to 100% of his or her acquisition cost of that Unit Share or the Additional Unit Share issued from treasury (established without taking into account the value of borrowing costs, brokerage costs, custody charges or other similar costs) in computing his or her income for Québec income tax purposes for the taxation year during which such withdrawal is made. Generally, the amount to be included in income will be reduced by the adjusted cost (determined in accordance with the Québec Act) of qualifying shares, qualifying securities and valid shares acquired by the individual and included in a QSSP II by the earlier of: (i) the last day of the second month following the month of such withdrawal; and (ii) December 31 of the year of such withdrawal.

The Unit Shares and Additional Unit Shares not issued from treasury, if any, will not qualify for the QSSP II and no Québec tax benefit may be obtained with regard to such securities.

The Broker Unit Shares, the Warrants and the Warrants Shares which may be issued following the exercise of any Warrant comprised in the Units will not qualify for the QSSP II and no Québec tax benefit may be obtained with regard to such securities.

This text is a summary only and is not intended to be, nor should it be construed as, legal or tax advice to any investor. This summary is based on the current provisions of the Québec Act, all specific proposals to amend the Québec Act announced publicly by the ministère des Finances (Québec) prior to the date hereof and the understanding of the Corporation's legal counsel of current administrative practices of the Agency.

Prospective purchasers should consult their own tax advisors with respect to any matter pertaining to the QSSP II, including the maximum deduction permitted.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Corporation at 200-1744 William Street, Montreal, Québec H3J 1R4, telephone (514) 937-0002, and are also available electronically at www.sedar.com. The filings of the Corporation through the System for Electronic Document Analysis and Retrieval ("**SEDAR**") are not incorporated by reference in this short form prospectus except as specifically set out herein.

The following documents and information, filed by the Corporation with the securities commissions or similar authorities in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

(a) the annual information form (the "**Annual Information Form**") of the Corporation dated October 31, 2011 for the financial year ended December 31, 2010;

(b) pages B-4 to B-28 of Schedule "B" to the filing statement (the "**Filing Statement**") of Industrial Growth Income Corporation ("**IGIC**"), a predecessor of the Corporation, dated June 29, 2011, being the audited consolidated financial statements of the Corporation as at and for the financial

years ended December 31, 2010 and 2009, together with the auditors' report thereon and the notes thereto (the "**Annual Financial Statements**");

(c) the information contained under the heading "Information Concerning PyroGenesis Canada Inc. – Selected Consolidated Financial Information and Management Discussion and Analysis – Management Discussion and Analysis" on pages 30 to 33 of the Filing Statement, being the management's discussion and analysis of the Corporation for the financial year ended December 31, 2010;

(d) the unaudited condensed consolidated interim financial statements of the Corporation for the three and nine months ended September 30, 2011 (except for the review notice on page 1), together with the notes thereto (the "**Interim Financial Statements**");

(e) the management's discussion and analysis of the Corporation for the three and nine months ended September 30, 2011;

(f) the information contained under the headings of the Filing Statement:

i. "Information Concerning the Resulting Issuer – Principal Securityholders";

ii. "Information Concerning the Resulting Issuer – Executive Compensation";

iii. "Information Concerning the Resulting Issuer – Options to Purchase Securities"; and

iv. "Information Concerning the Issuer – Stock Option Plan".

The French excerpts of the information contained under the above-noted headings of the Filing Statements are filed as "Filing Statement – French" ("Déclaration de changement à l'inscription – Français") under IGIC's SEDAR profile on www.sedar.com;

(g) the material change report of the Corporation filed on July 18, 2011, relating to the amalgamation of IGIC and the Predecessor (the "Amalgamation"); and

(h) the material change report of the Corporation filed on November 9, 2011, relating to the issuance of a receipt for the Corporation's short-form preliminary prospectus dated November 7, 2011.

Any document of the type referred to in section 11.1 of Form 44-101F1 *Short Form Prospectus*, if filed by the Corporation after the date of this short form prospectus and prior to the termination of the Offering, shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference herein modifies, replaces or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

THE CORPORATION

The Corporation is an environmental solutions company that designs, develops and manufactures plasma waste-to-energy systems and plasma torch products. The Corporation's proprietary plasma technologies utilize the intense energy of plasma to gasify and vitrify virtually any type of waste without producing hazardous by-products. The Corporation's 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. The Corporation's technology can also turn waste into a glassy rock that can be utilized as construction material. The Corporation has marquee defense industry and civilian customers that are using its technology in marine and land-based applications.

The Corporation has three distinct product offerings. The Corporation's marine based Plasma Arc Waste Disposal System 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 Corporation'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. See "Business of the Company" in the Annual Information Form.

Recent Developments

The Corporation was awarded an 18-month contract on September 30, 2011 with the U.S. Air Force1st Special Operations Civil Engineering Squadron (1 SOCES) to operate, maintain and collect operations data on its PRRS at the Air Force's base in Hurlburt Field, Florida. The system began operational testing at the Florida Air Force base late last year. The total value of the contact is approximately $2.73 million.

The Corporation has filed for patent protection for its energy efficient, salt-free recovery of metal from zinc and aluminum dross. Dross is a residue from metallurgical processes that is generated when hot molten metal contacts air. Current practices often require zinc and aluminum smelters to ship their dross residue to a third party for expensive treatment and metal recovery. The Corporation's technology, DROSRITE Plus, treats hot dross right at the smelter, resulting in improved metal recovery and a significant reduction in greenhouse gas generation.

The Corporation has started to ship its plasma-based Ozone Depleting Substance (ODS) Destruction System to Recyclage ÉcoSolutions Inc.'s ("**RES**") Laval facility. Shipment and installation of the Corporation's patent pending ODS Destruction System will continue through to March, 2012. Commissioning, start up and operation of this system is expected to commence in the second quarter of 2012. The joint venture agreement between the Corporation and RES, signed in May, 2011, will generate $2.65 million in revenue for the Corporation, and is part of a larger $4.0 million ODS destruction program initiated by RES. The Corporation's technology will allow RES to safely destroy ozone depleting substances, specifically halocarbons, at RES' Laval-based appliance dismantling and recycling plant. Presently, halocarbons extracted during the recycling process are shipped to remote offsite locations for disposal.

CONSOLIDATED CAPITALIZATION

Other than the issuance of Common Shares and securities convertible into Common Shares in connection with the Amalgamation, there have not been any material changes in the share and loan capital of the Corporation since September 30, 2011, the date of the Interim Financial Statements. See "Prior Sales".

After giving effect to the Offering, an additional ● Common Shares and ● Warrants (a maximum of ● Common Shares and ● Warrants if the Agents' Option is exercised in full) and ● Broker Warrants (a maximum of ● Broker Warrants if the Agents' Option is exercised in full) will be issued if the Minimum Offering is completed, or an additional ● Common Shares and ● Warrants (a maximum of ● Common Shares and ● Warrants if the Agent's Option is exercised in full) and ● Broker Warrants (a maximum of ● Broker Warrants if the Agents' Option is exercised in full) will be issued if the Maximum Offering is completed.

USE OF PROCEEDS

The net proceeds to the Corporation from the Offering will be approximately $● if a Minimum Offering is completed (or approximately $● if the Agents' Option is exercised in full) or $● if a Maximum Offering is completed (or approximately $● if the Agents' Option is exercised in full), after deducting the Agents' Fee and $● representing the estimated expenses of the Offering. The net proceeds from the Offering are expected to be used by the Corporation for general corporate and working capital purposes, over a period of 12 months from the Closing Date, as follows:

	Minimum Offering Amount Allocated [(1)(2)]	**Maximum Offering Amount Allocated [(1)(2)]**
Salaries and wages, occupancy, professional services, travel, research and development	$●	$●
Opening US office	$●	$●
Product extension	-	$●
Sales and marketing	-	$●
TOTAL	**$●**	**$●**

(1) Based on anticipated net proceeds of the Offering.
(2) If the Agents' Option is exercised in full, the additional net proceeds from the exercise of the Agents' Option will be allocated *pro rata* among the above categories.

The Corporation currently intends to spend the funds available as stated in this short form prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Corporation has appointed the Agents to offer for sale to the public on a commercially reasonable efforts basis, without underwriter liability, and the Corporation has agreed to issue and sell, subject to compliance with all necessary legal requirements and pursuant to the terms and conditions of the Agency Agreement, on the Closing Date, a minimum of ● Units and a maximum of ● Units at the Offering Price, payable in cash to the Corporation against delivery of the Units. In consideration for the services rendered by the Agents in connection with the Offering, the Agents will be paid the Agents' Fee in the amount of up to $● if the Minimum Offering is completed or $● if the Maximum Offering is completed, representing 7.0% of the gross proceeds of the Offering. As additional consideration, the Agents will be granted ● Broker Warrants if the Minimum Offering is completed or ● if the Maximum Offering is completed exercisable at the Offering Price, entitling the Agents to subscribe for an aggregate number of Broker Units equal to 7.0% of the number of Units issued pursuant to the Offering. The Broker Warrants shall be exercisable for Broker Units for a period of 12 months following the Closing Date. This short form prospectus qualifies the distribution of the Broker Warrants to the Agents. The Offering Price was determined by negotiation between the Corporation and the Agents.

The Units consists of one Unit Share and ● Warrant. Each whole Warrant entitles the holder thereof to acquire one Warrant Share at a price of $● for a period of ● years following the Closing Date. Each Broker Unit consists of one Broker Unit Share and ● Warrant.

The Corporation has granted the Agents the Agents' Option, exercisable in whole or in part, at any time and from time to time, in the sole discretion of the Agents, up to 48 hours prior to the Closing Date, to purchase up to an additional 15% of the Units sold pursuant to the Offering, being ● Additional Units if the Minimum Offering is completed or up to ● Additional Units if the Maximum Offering is completed, at the Offering Price. The grant of the Agents' Option and the distribution of the Additional Units issuable upon exercise of the Agents' Option, if any, are qualified under this short form prospectus. If the Agents' Option is exercised in full, and the Minimum Offering is completed, the total Price to the Public, the Agents' Fee and the Net Proceeds to the Corporation (before payment of the expenses of the Offering) will be $●, $● and $●, respectively. If the Agents' Option is exercised in full and the Maximum Offering is completed, the total Price to the Public, the Agents' Fee and the Net Proceeds to the Corporation (before payment of the expenses of the Offering) will be $●, $● and $●, respectively.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Other than the Unit Shares and Warrants issued in connection with the sale of Units in the United States or to U.S. persons, which will be represented by definitive certificates, it is expected that the Corporation will arrange for an instant deposit of the Unit Shares and Warrants comprising the Units to or for the account of the Agents with CDS or its nominee on the Closing Date, against payment of the aggregate purchase price for the Units. A purchaser of Units (other than a purchaser of Units in the United States or who is a U.S. person) will receive only a customer confirmation from the registered dealer through which the Units are purchased.

Until such time as closing has occurred in respect of the Minimum Offering, all subscription funds received by the Agents will be held in trust, pending closing of the Minimum Offering. If the Minimum Offering has not been subscribed for within the distribution period of the Units, the Agents shall promptly return the proceeds of the subscription to the subscribers without interest or deduction unless such subscribers have instructed the Agents otherwise.

The obligations of the Agents under the Agency Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Agents are not obligated, directly or indirectly, to advance their own funds to purchase any of the Units. The Corporation has agreed to indemnify the Agents and their respective directors, officers and employees against certain liabilities pursuant to the Agency Agreement, including liabilities under Canadian securities legislation.

The Corporation has agreed in favour of the Agents not to, directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or agree to or announce any intention to, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, any additional Common Shares or any securities convertible or exchangeable into Common Shares, other than pursuant to (i) the Offering; (ii) the grant or exercise of stock options and other similar issuances pursuant to any stock option plan or similar share compensation arrangements in place prior to February 10, 2012; or (iii) the issue of Common Shares upon the exercise of convertible securities, warrants or options outstanding prior to February 10, 2012, until 90 days following the Closing Date, without the prior written consent of the Agents, such consent not to be unreasonably withheld; provided that the obligations of the Corporation shall terminate in the event the Offering is not completed.

The Corporation has also agreed to use commercially reasonable efforts to have each of its directors and officers agree, in a lock-up agreement to be executed concurrently with the closing of the Offering, that for a period of 90 days following the Closing Date, such directors and officers will not, directly or indirectly, offer, sell, or otherwise dispose of any Common Shares held by them without the prior written consent of the Agents, such consent not to be unreasonably withheld, subject to certain exceptions, including in respect of sales to affiliates of such director or officer, or as a result of the death of any such director or officer. The definitive terms of such lock-up agreement shall be negotiated between the parties in good faith.

The Units to be issued pursuant to the Offering have not been registered under the U.S. Securities Act, or any state securities laws, and may not be offered, sold or delivered within the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from registration is available. The Agents have agreed that, except as permitted by the Agency Agreement, they will not offer or sell the Units, as part of the distribution at any time, within the United States and that all offers and sales of the Units will otherwise be made outside of the United States in accordance with Rule 903 of Regulation S under the U.S. Securities Act. Terms used in this and the next paragraph have the meanings given to them in Regulation S under the U.S. Securities Act.

This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Units in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such other offer or sale is made otherwise than in accordance with an available exemption from the registration requirements under the U.S. Securities Act. The Units will be restricted securities within the meaning of Rule 144(a)(3) under the U.S. Securities Act and any certificates representing such securities will bear a legend to the effect that the securities represented thereby are not registered under the U.S. Securities Act or any applicable state securities laws and may only be offered, sold, pledged or

otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Agents may not, at any time during the period ending on the date the selling process for the Units ends and all stabilization arrangements relating to the Units are terminated, bid for or purchase Common Shares. The foregoing restrictions are subject to certain exceptions including: (i) a bid for or purchase of Common Shares if the bid or purchase is made through the facilities of the TSXV in accordance with the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada; (ii) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Agents or if the client's order was solicited, the solicitation occurred before the commencement of a prescribed restricted period; and (iii) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. In connection with this Offering, the Agents may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while this Offering is in progress. These transactions may also include making short sales of the Common Shares, which involve the sale by the Agents of a greater number of Common Shares than the maximum number of Units to be issued in this Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Agents' Option, or may be "naked short sales", which are short positions in excess of that amount.

As a result of these activities, the price of the Units offered hereby may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Agents at any time. The Agents may carry out these transactions on the TSXV, in the over-the-counter market or otherwise.

The Corporation has applied to list the Unit Shares, Warrant Shares and Broker Unit Shares distributed under this short form prospectus on the TSXV. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSXV.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without par value. As of February 10, 2012, there were 59,114,094 Common Shares issued and outstanding. The rights of the holders of Common Shares, as a class, are equal in all respects and include the rights: (a) to vote at any meeting of shareholders; (b) to receive, as and when declared by the directors of the Corporation, any dividends payable on such dates, for such amounts and at such place or places as the board of directors of the Corporation may from time to time determine; and (c) to receive the remaining property of the Corporation on liquidation or dissolution. Share transfers are not subject to any restrictions.

Warrants

The Warrants will be created and issued pursuant to the terms of a warrant indenture (the "**Warrant Indenture**") entered into between the Corporation and Olympia Transfer Services Inc., as warrant agent (the "**Warrant Agent**") thereunder, to be entered into and dated as of the Closing Date. Each Warrant will entitle the holder thereof to purchase one Warrant Share at a price of $ ● for a period of ● years following the closing of the Offering. The Corporation will appoint the principal transfer offices of the Warrant Agent at which the Warrants may be surrendered for exercise or transfer. The Warrant Indenture will, among other things, include provisions for the appropriate adjustment in the class, number and price of the Warrant Shares to be issued upon exercise of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares or the amalgamation of the Corporation with another corporation. No adjustment in the exercise

price of the number of Warrant Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least 1% or the number of Warrant Shares purchasable upon exercise by at least one one-hundredth of a Warrant Share.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of Warrant Shares would have.

From time to time, the Corporation and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either: (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of Warrant Shares which may be acquired upon the exercise of all the then outstanding Warrants and passed by the affirmative vote of holders of Warrants entitled to acquire not less than 66 2⁄3% of the aggregate number of Warrant Shares which may be acquired upon the exercise of all the then outstanding Warrants represented at the meeting; or (2) instruments in writing signed by the holders of Warrants representing not less than 66 2⁄3% of the aggregate number of Warrant Shares which may be acquired upon the exercise of all the then outstanding Warrants.

The foregoing discussion of the material terms and provisions of the Warrants is qualified in its entirety by reference to the detailed provisions of the Warrant Indenture.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Corporation, and Heenan Blaikie LLP, counsel to the Agents, the following summary describes the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder (a "**Holder**") who acquires Unit Shares and Warrants pursuant to the Offering and Warrant Shares upon exercise of the Warrants, and who, for purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada, holds such securities as capital property and deals at arm's length with and is not affiliated with the Corporation or the Agents. Generally, Unit Shares, Warrants and Warrant Shares would be considered to be capital property to a Holder provided that the Holder does not use such securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Unit Shares and Warrant Shares might not otherwise be capital property, may, in certain circumstances, be entitled to have the Unit Shares and Warrant Shares and every other "Canadian security", as defined in the Tax Act, owned by such Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This election does not apply to the Warrants. Holders should consult their own tax advisors regarding this election.

This summary is not applicable to a Holder (i) that is a "financial institution", as defined in the Tax Act for purposes of certain rules referred to as the mark-to-market rules, (ii), that is a "specified financial institution", as defined in the Tax Act, (iii) an interest in which would be a "tax shelter investment", as defined in the Tax Act, or (iv) that has made a functional currency reporting election for purposes of the Tax Act. Such Holders should consult their own tax advisors.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**") and counsel's understanding of the current published administrative and assessing practices and policies of the Canada Revenue Agency (the "**CRA**"). This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, there can be no assurance that the Proposed Amendments will be enacted in their current form or at all. This summary does not otherwise take into account or anticipate any changes in the law or administrative or assessing practice or policy of the CRA whether by legislative, regulatory, administrative, or

judicial action, nor does it take into account tax legislation or considerations of any province, territory, or foreign jurisdiction, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all federal income tax considerations. Accordingly, Holders should consult their own tax advisors having regard to their own particular circumstances.

Allocation of Subscription Price

Holders will be required to allocate the aggregate cost of the Unit between the Unit Share and the ● Warrant on a reasonable basis in order to determine their respective costs for purposes of the Tax Act. The Corporation intends to allocate $● of the issue price of each Unit as consideration for the issue of each Unit Share and $● as consideration for the issue of each ● Warrant. The Corporation believes that such allocation is reasonable but it will not be binding on the CRA or a Holder. The cost to a Holder of a Unit Share must be averaged with the adjusted cost base of all other Common Shares held by the Holder as capital property at that time.

Exercise or Expiry of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Common Shares held as capital property by the Holder immediately before the acquisition of the Warrant Share.

The expiry of an unexercised Warrant generally will result in a capital loss to the Holder equal to the adjusted cost base of the Warrant to the Holder immediately before its expiry. See discussion below under the heading "*Capital Gains and Capital Losses*".

Taxation of Dividends

A Holder will be required to include in computing its income for a taxation year any dividends received, or deemed to be received, in the year by the Holder on the Unit Shares or Warrant Shares. In the case of a Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit provisions where the Corporation designates the dividend as an "eligible dividend" (as defined in the Tax Act) in accordance with the provisions of the Tax Act. A dividend received or deemed to be received by a Holder that is a corporation will generally be deductible in computing the corporation's taxable income.

A corporation that is a "private corporation" (as defined in the Tax Act) or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), generally will be liable to pay a refundable tax under Part IV of the Tax Act at the rate of $33^1/_3$% on dividends received or deemed to be received on the Unit Shares in a year to the extent such dividends are deductible in computing taxable income for the year. This refundable tax generally will be refunded to a corporate Holder at the rate of $1 for every $3 of taxable dividends paid while it is a "private corporation".

Dispositions of Unit Shares, Warrants and Warrant Shares

A Holder who disposes, or is deemed to dispose, of a Unit Share, a Warrant (other than on the exercise thereof) or a Warrant Share generally will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base to the Holder of such Unit Shares, Warrants or Warrant Shares, as the case may be, immediately

before the disposition or deemed disposition. The taxation of capital gains and losses is described below under the heading "*Capital Gains and Capital Losses*".

Capital Gains and Capital Losses

Generally, a Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized by the Holder in such taxation year. Subject to and in accordance with the provisions of the Tax Act, a Holder must deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a particular taxation year against taxable capital gains realized by the Holder in the year. Allowable capital losses not deducted in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Holder that is a corporation on the disposition of a Unit Share or a Warrant Share may be reduced by the amount of any dividends received, or deemed to have been received, by such Holder on the Unit Shares, Warrant Shares or shares substituted for such shares subject to and in accordance with the provisions of the Tax Act. Similar rules may apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

A Holder that is a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay an additional $6^2/_3$% refundable tax on certain investment income, including taxable capital gains. This tax generally will be refunded to a corporate Holder at the rate of $1 for every $3 of taxable dividend paid while it is a "private corporation".

Alternative Minimum Tax

Capital gains realized and dividends received by a Holder that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act.

PRIOR SALES

Common Shares and Securities of the Predecessor

The following table summarizes details of the Common Shares issued by the Corporation and securities issued by the Predecessor during the 12 month period prior to the date of this short form prospectus.

Date	Security	Price per Security ($)	Number of Securities of the Predecessor	Number of Common Shares
November 10, 2010	Class F Shares of the Predecessor [(1)]	$1.00	1,093,800	1,367,250 [(5)]
November 26, 2010	Class A Shares of the Predecessor [(2)]	$0.80	2,187,500	2,187,500 [(5)]
March 22, 2011	FIER Debenture [(3)]	$1,000,000	1	1,388,889 [(5)]
March 29, 2011	Class A Shares of the Predecessor	$0.80	312,500	312,500 [(5)]
March 30, 2011	Subscription Receipts of the Predecessor [(4)]	$0.80	5,083,250	5,083,250 [(5)]
July 11, 2011	Class A Shares of the Predecessor	N/A	57,710,766	57,710,766 [(5)]
August 11, 2011	Common Shares	$0.62	N/A	103,328 [(6)]

(1) All Class F shares of the Predecessor were converted into 1,367,250 Class A shares of the Predecessor on June 2, 2011 in connection with the Amalgamation.
(2) Issued on March 22, 2011.
(3) The FIER debenture was converted into 1,388,889 Class A shares of the Predecessor immediately prior to the Amalgamation at a price of $0.72 per Class A share.

(4) The subscription receipts were converted into 5,083,250 Class A shares of the Predecessor immediately prior to the Amalgamation.

(5) In connection with the Amalgamation, an aggregate of 57,710,766 Class A shares of the Predecessor were exchanged for an equal number of Common Shares and an aggregate of 4,025,000 common shares of IGIC were exchange for 1,300,000 Common Shares (based on an exchange rate of 0.32298). In addition, compensation options granted to the agents in the subscription receipt financing of the Predecessor were exchanged for an equal number of compensation options of the Corporation 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.

(6) Representing 103,328 Common Shares issued upon exercise of an equal number of IGIC options.

Stock Options

The following table summarizes details of the stock options issued by the Corporation during the 12 month period prior to the date of this short form prospectus.

Date	Security	Price per Security ($) [(1)]	Number of Securities
July 11, 2011	Stock Options	0.80	3,150,000

(1) Exercise price of the stock options.

TRADING PRICE AND VOLUME

Following completion of the Amalgamation, the Common Shares began trading on the TSXV on July 20, 2011 under the symbol "PYR". The following table sets forth information relating to the trading of the Common Shares on the TSXV for the months indicated:

	Shares		
Month	**High ($)**	**Low ($)**	**Volume**
July 2011	3.00	1.10	39,688
August 2011	1.70	0.77	81,090
September 2011	1.50	0.86	71,195
October 2011	1.30	0.800	103,293
November 2011	1.39	0.91	18,294
December 2011	1.25	0.81	28,291
January 2012	0.88	0.75	26,800
February 1, 2012	0.87	0.87	1,600

At the close of business on February 10, 2012, the last trading day prior to the date of this short form prospectus, the price of the Common Shares as quoted by the TSXV was $0.87.

RISK FACTORS

An investment in securities of the Corporation is highly speculative and involves significant risks. Any prospective investor should carefully consider the risk factors and all of the other information contained below and elsewhere in this short form prospectus (including, without limitation, the documents incorporated by reference, and specifically under the section entitled "Risk Factors" in the Annual Information Form) before purchasing any of the securities distributed under this short form prospectus. The risks described herein and in the documents incorporated by reference in this short form prospectus are not the only risks facing the Corporation. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently deems immaterial, may also materially and adversely affect its business.

Discretion in the Use of Proceeds

Management will have discretion concerning the use of proceeds of the Offering as well as the timing of their expenditures. As a result, investors will be relying on the judgment of management as to the application of the

proceeds of the Offering. Management may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Corporation's results of operations may suffer.

Future Sales or Issuances of Securities

The Corporation may sell additional Common Shares or other securities in subsequent offerings. The Corporation may also issue additional securities to finance future activities. The Corporation cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Common Shares. Sales or issuances of substantial numbers of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Common Shares. With any additional sale or issuance of Common Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its earnings per share.

Currently No Public Market for the Warrants

The Warrants are not currently listed on any stock exchange and there is no assurance that the Warrants will be listed or if listed, will provide a liquid market for the Warrants. Until the Warrants are listed on the TSXV, holders of the Warrants may not be able to sell their Warrants. Even if a listing is obtained, there can be no assurance that an active public market for the Warrants will develop or be sustained after this Offering. The Offering Price for the Warrants, which was determined by negotiation between the Corporation and the Agents, is based upon several factors and may bear no relationship to the price that will prevail in the public market. The holding of the Warrants involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. The Warrants should not be purchased by persons who cannot afford the loss of their entire investment.

INTEREST OF EXPERTS

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this short form prospectus as having prepared or certified a report, valuation, statement or opinion in this short form prospectus.

Each of Cassels Brock & Blackwell LLP, counsel for the Corporation, and Heenan Blaikie LLP, counsel for the Agents, have provided its opinion on certain matters contained in this short form prospectus. As of the date hereof, partners and associates of Cassels Brock & Blackwell LLP and Heenan Blaikie LLP, each as a group, own, directly or indirectly, in the aggregate, less than 1% or no securities of the Corporation.

Horwath Leebosh Appel, LLP, Montreal, Québec, are the auditors of the Corporation and are independent of the Corporation within the meaning of the Code of Ethics of the Ordre des comptables agréés du Québec.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the short form prospectus of PyroGenesis Canada Inc. (the "**Corporation**") dated ●, 2012 relating to the qualification for distribution of a minimum of ● units and a maximum of ● units of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our auditor's report to the shareholders of PyroGenesis Canada Inc. (the "**Predecessor**"), a predecessor of the Corporation, on the consolidated financial statements of the Predecessor as at December 31, 2010, which comprise the balance sheets as at December 31, 2010 and 2009 and the statements of operations and comprehensive income (loss) and cash flows for the years then-ended. Our auditor's report is dated June 29, 2011.

Montreal, Québec
, 2012

CERTIFICATE OF THE CORPORATION

Dated: February 13, 2012

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec.

(Signed) P. PETER PASCALI
President and Chief Executive Officer

(Signed) ALAN CURLEIGH
Chief Financial Officer

On behalf of the Board of Directors

(Signed) GILLIAN HOLCROFT
Director

(Signed) ALINE BÉLANGER
Director

CERTIFICATE OF THE PROMOTER

Dated: February 13, 2012

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec.

THE PROMOTER

(Signed) P. PETER PASCALI

CERTIFICATE OF THE AGENTS

Dated: February 13, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec.

VERSANT PARTNERS INC.

By: (Signed) Paul Rajchgod

STONECAP SECURITIES INC.

By: (Signed) Brian K. Peterson