

## EARLY WARNING REPORT

### *Pursuant to National Instrument 62-103 respecting the Early Warning System and Related Take-Over Bid and Insider Reporting Issues*

#### **1 Security and Reporting Issuer**

**1.1** *State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.*

PyroGenesis Canada Inc. (the “**Issuer**”)  
1744 William St., suite 200  
Montreal, Quebec, H3J 1R4

*Designation of securities to which this report relates:*

Common shares in the share capital of the Issuer (the “**Common Shares**”)

**1.2** *State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.*

The transactions described herein will be completed by privately negotiated agreements.  
See Item 2.2

#### **2 Identity of the Acquiror**

**2.1** *State the name and address of the acquiror.*

Fiducie de crédit Mellon Trust  
3534 du Musée  
Montreal, Quebec, H3G 2C7

**2.2** *State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.*

On September 28, 2018 (the “**Closing Date**”), the Acquiror acquired 3,448,276 Units of the Corporation at a price of C\$0.58 per Unit, (the “**Transaction**”), for gross proceeds of \$2,000,000.08 to the Corporation (the “**Private Placement**”). Each Unit consists of one common share of the Corporation (a “**Common Share**”) and one Common Share purchase warrant (each whole Common Share purchase warrant, a “**Warrant**”). Each Warrant entitles the holder thereof to purchase one Common Share at a price of \$0.58 until February 13, 2021. Each Unit will be subject to a statutory hold period of four months and one day from the date of closing.

This first tranche of the Private Placement was fully subscribed to by Fiducie de Crédit Mellon Trust, a legal entity related to Mr. P. Peter Pascali, President and Chief Executive Officer of the Corporation.

**2.3** *State the names of any joint actors.*

Mr. Photis Peter Pascali (and together with Fiducie de crédit Mellon Trust, the “Acquiror”).

### **3 Interest in Securities of the Reporting Issuer**

**3.1 *State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror’s security holding percentage in the class of securities.***

On the Closing Date, the Acquiror acquired beneficial ownership of 3,448,276 Common Shares and 3,448,276 Warrants, representing approximately 2.73% of the Issuer’s issued and outstanding Common Shares on a non-diluted basis and approximately 5.31% on a partially diluted basis assuming only the exercise of the Warrants held by the Acquiror.

Prior to completion of the Transaction, the Acquiror had beneficial ownership and control, directly or indirectly, of 66,379,731 Common Shares, representing approximately 54.01% of the Issuer’s issued and outstanding shares on a non-diluted basis and warrants and options to acquire up to an additional 10,508,332 Common Shares, representing, together with the Acquiror’s Common Shares, approximately 57.64% of the Issuer’s issued and outstanding Common Shares on a partially diluted basis (assuming only the exercise of the warrants and options held by the Acquiror).

Following completion of the Transaction, the Acquiror beneficially owns and controls, directly or indirectly, 69,828,007 Common Shares, representing approximately 55.27% of the Issuer’s issued and outstanding Common Shares as at the Closing Date on a non-diluted basis and warrants and options to acquire up to an additional 13,956,608 Common Shares, representing, together with the Acquiror’s Common Shares, approximately 59.72% on a partially diluted basis (assuming only the exercise of the warrants and options held by the Acquiror).

**3.2 *State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.***

See item 3.1 above.

**3.3 *If the transaction involved a securities lending arrangement, state that fact.***

N/A.

**3.4 *State the designation and number or principal amount of securities and the acquiror’s security holding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.***

See item 3.1 above.

**3.5 *State the designation and number or principal amount of securities and the acquiror’s security holding percentage in the class of securities referred to in Item 3.4 over which***

**(a) *the acquiror, either alone or together with any joint actors, has ownership and control,***

See item 3.1 above.

- (b) *the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and*

N/A.

- (c) *the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.*

N/A.

- 3.6 *If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's security holdings.*

N/A.

- 3.7 *If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement. State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.*

N/A.

- 3.8 *If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.*

N/A.

#### **4 Consideration Paid**

- 4.1 *State the value, in Canadian dollars, of any consideration paid or received per security and in total.*

The Acquiror acquired the Units for an aggregate consideration of C\$2,000,000.08, or approximately C\$0.58 per Common Share. See item 2.2 above.

- 4.2 *In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.*

N/A.

- 4.3 *If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.*

N/A.

## **5 Purpose of the Transaction**

*State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:*

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;*
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;*
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;*
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;*
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;*
- (f) a material change in the reporting issuer's business or corporate structure;*
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;*
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;*
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;*
- (j) a solicitation of proxies from securityholders;*
- (k) an action similar to any of those enumerated above.*

The Acquiror acquired the Common Shares for investment purposes and may, from time to time, acquire or dispose of ownership or control or direction over some or all of the existing securities or over additional securities of PyroGenesis.

## **6 Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

*Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.*

N/A.

## **7 Change in material fact**

*If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.*

N/A.

## **8 Exemption**

*If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.*

N/A.

## **9 Certification**

I, Photis Peter Pascali, as trustee of the Acquiror, certify, to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: October 2<sup>nd</sup>, 2018

**FIDUCIE DE CRÉDIT MELLON TRUST**

Per: "Photis Peter Pascali"  
Trustee