EARLY WARNING REPORT
FILED UNDER NATIONAL INSTRUMENT 62-103

The following information is filed pursuant to the provisions listed above under applicable securities legislation:

1. **Name and address of the offeror:**

   Phoenix Haute Technology Inc. ("**Phoenix**")
   Portcullis TrustNet Chambers, P.O. Box 3444,
   Road Town, Tortola, British Virgin Islands

2. **Designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:**

   On May 23, 2014, PyroGenesis Canada Inc. ("**PyroGenesis**") completed a shares for debt transaction by issuing 7,500,000 common shares ("**Common Shares**") of PyroGenesis from treasury at a deemed price of $0.80 per Common Share to settle $6 million owing by PyroGenesis to Phoenix. As a result of this transaction, Phoenix, a company wholly-owned by Peter Photis Pascali, will own 10,441,524 Common Shares, representing approximately 12.97% of the issued and outstanding Common Shares and Phoenix and Peter Photis Pascali, taken together, will own and control, directly or beneficially, an aggregate of 24,615,795 Common Shares, representing approximately 30.57% of the issued and outstanding Common Shares.

3. **Designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to obligation to file the news release:**

   Phoenix owns an aggregate of 10,441,524 Common Shares, representing approximately 12.97% of the issued and outstanding Common Shares and Phoenix and Peter Photis Pascali, taken together, will own and control, directly or beneficially, an aggregate of 24,615,795 Common Shares, representing approximately 30.57% of the issued and outstanding Common Shares.

4. **Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in question 3 over which:**

   (i) **the offeror, either alone or together with any joint actors, has ownership and control:**

   See Item 3 above.

   (ii) **the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor:**

Not applicable.

(iii) **the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:**

Not applicable.

5. **Name of the market in which the transaction or occurrence that gave rise to the news release took place:**

The Common Shares were acquired by Phoenix through the facilities of the TSX Venture Exchange.

6. **The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release.**

The 7,500,000 Common Shares were acquired by Phoenix through the facilities of the TSX Venture Exchange at a deemed price of $0.80 per Common Share.

7. **Purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:**

The Common Shares were acquired by Phoenix as part of a shares for debt private placement transaction whereby PyroGenesis issued the Common Shares to settle $6 million owing by PyroGenesis to Phoenix. Phoenix has acquired the Common Shares for investment purposes and may, in the future, acquire or dispose of the Common Shares through the market, private or otherwise as circumstances or market conditions warrant. Presently, Phoenix has no intention to acquire additional securities but may, from time to time, acquire additional securities of PyroGenesis.

8. **General nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:**

Subscription agreement between Phoenix and PyroGenesis dated May 22, 2014 for the purchase of the Common Shares.

9. **Names of any joint actors in connection with the disclosure required by this form:**

Peter Photis Pascali.

10. **In the case of a transaction or 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, the nature and value of the consideration paid by the offeror:**

Not applicable.

11. **If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of NI 61-103 in respect of the reporting issuer's securities:**

Not applicable.

12. **If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance.**

NI 45-106 section 2.14.

DATED this 26th day of May, 2014.

PHOENIX HAUTE TECHNOLOGY INC.

By: *(signed) Peter Photis Pascali*
Name: Peter Photis Pascali
Title: Authorized Signatory