

PyroGenesis Canada Inc.

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PyroGenesis signs initial \$1.8M plasma torch contract with major iron ore producer

PyroGenesis Canada Inc (CVE:PYP) (OTCQB:PYPNF) (FRA:8PY) revealed on Wednesday that it has signed an initial contract to provide a high-powered, one-megawatt plasma torch with accessories to a major iron ore producer for around \$1.8 million.

The Montreal-based high-tech company said the \$1.8 million figure does not include continued after-sale services, which were not part of the initial negotiations. "It is expected that future sales with this client will include a separate continued after-sale services agreement," said the company.

PyroGenesis said the client is a "multibillion-dollar international producer of iron ore pellets, one of the largest in the industry, whose name will remain confidential for competitive reasons." The client, which has committed to reduce its greenhouse gas (GHG) emissions, has over 10 plants, each possibly requiring up to 50 plasma torches, noted the company.

"This is a major milestone for PyroGenesis as it is the first time we have sold a torch system to a major iron ore pelletizer. The first commercial sale is always the hardest in any industry. It's not a secret that the ultimate goal is to replace their fossil fuel burners with our plasma torches," PyroGenesis CEO Peter Pascali said in a statement.

"We have indeed crossed a threshold. This was our preferred rollout strategy, as it now enables us to better quantify all outstanding aspects of replacing fossil fuel burners with plasma torches, and thus be better positioned to price any additional benefits into future orders. We cannot overemphasize the opportunity this presents."

READ: PyroGenesis providing high-tech plasma products for a growing number of major industries

Pascali noted that while the company was optimistic, future contracts are not guaranteed.

"There are no guarantees, however, we can say with certainty that we are conservatively ticking the boxes one by one," he added.

The contract is a result of the firm's success in delivering on a previously disclosed modeling contract which confirmed, among other things, that replacing fossil fuel burners with PyroGenesis' proprietary plasma torches could potentially address the client's GHG reduction strategy.

"PyroGenesis is on its way to assuming a leadership role in reducing greenhouse gas emissions using our proprietary plasma torches," said Pierre Carabin, the CTO and chief strategist, at PyroGenesis.

"We look forward to leveraging this success into other industries and becoming a premier environmental company geared towards reducing greenhouse gas emissions."

Price: 8.05

Market Cap: \$1.29 billion

1 Year Share Price Graph



February 2020 August 2020 February 2021

Share Information

Code: PYP

Listing: TSX

52 week High Low
12.14 0.19

Sector: Manufacturing & engineering

Website: www.pyrogenesis.com

Company Synopsis:

PyroGenesis Canada Inc. (TSX: PYP • OTCQB: PYPNF • FRA: 8PY), a high-tech company, is the world leader in the design, manufacture and commercialization of advanced plasma processes.

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PyroGenesis has the process patent to replace fossil fuel burners with its clean plasma torches in the iron ore pelletization industry. According to management, a typical pellet plant producing 10 million metric tonnes of pellets annually emits one million metric tonnes of carbon dioxide (CO₂). The total world pellet production of 400 million metric tonnes of pellets represents a potential market for torch sales in excess of \$10 billion worldwide, estimates the company.

The world pellet industry generates about 40 million metric tonnes of CO₂ every year. "The use of plasma torches running off a clean electrical grid would reduce these emissions significantly," said the company. In a nutshell, 40 million tonnes of CO₂ represent the combined yearly emissions of 8.7 million US passenger vehicles.

In the event of multiple orders, PyroGenesis said it will source long lead items "ahead of time" and the likely time from contract to final installation at a client's facility will be "from a couple of weeks up to four months."

Pelletization is the process in which iron ore is concentrated before shipping, significantly reducing transport costs, and providing feedstock for blast furnaces. In conventional technologies, heat is provided by fuel oil or natural gas burners, which are environmentally damaging. The combustion of fossil fuels results in the production of greenhouse gases, mainly CO₂. In sharp contrast, PyroGenesis' plasma torches draw on renewable electricity — an environmentally attractive alternative to fossil fuel burners.

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