

21 September 2016

**PowerHouse Energy Group plc
("PowerHouse" or the "Company")**

Interim results for the six months ended 30 June 2016

Chairman's Statement

PowerHouse (AIM: PHE), the company focussed on ultra high temperature gasification waste to energy systems, announces its unaudited interim results for the six months to 30 June 2016.

H1 2016 Highlights

Operational

- Period focussed on G3-UHt Ultra High Temperature Gasification waste to energy system ("G3 System") testing programme
- Signed commercial cooperation agreement with PowerHouse Energy Americas
- Settlement agreed with RenewMe
- Clive Carver appointed as Non-Executive Director

Financial

- Hillgrove Investments Pty Limited convertible loan note increased by AUD 176,000 and facility repayment extended to at least 30 June 2017
- Equity fundraising of £575,000 to support completion of testing and commercial roll out

Post-period Highlights

Operational

- The Company announced completion of its G3 testing programme and commencement of commercialisation phase
- Key personnel hired to support the Company's commercial roll-out
- Early discussions with a number of potential clients have commenced

Financial

- Current cash balance is £450,000

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About PowerHouse

PowerHouse is the holding company of the G3-UHt System Ultra High Temperature Gasification waste to energy systems.

The Company's technologies enable energy recovery from municipal waste streams that would otherwise be directed to landfills and incinerators; or from renewable and alternative fuels such as biomass, tyres, and plastics to create syngas for power generation, high-quality hydrogen, or potentially reformed into liquid fuels for transportation. These waste to energy systems aim to provide the “best solution” to the on-site energy market.

This announcement contains inside information for the purposes of the Market Abuse Regulation.

PowerHouse Energy Group Plc is quoted on the London Stock Exchange's AIM Market. The Company is incorporated in the United Kingdom.

For more information see www.powerhouseenergy.net

Interim Results for the six months to 30 June 2016

Chairman's Statement

Introduction

The Company announced on 6 September 2016 the successful completion of its G3 System testing programme, which marked a significant milestone for the Company.

Our team has worked diligently over the past 18 months to build a gasification system from first principals; one that stands up to the rigours of real-world operation and can be easily and modularly deployed.

In achieving robust, commercial grade, environmentally friendly, ultra-high temperature gasification, the Company is now in a position to progress commercial discussions with a range of potential clients.

The initial G3-UHt unit is a nominal 1-3 tonne per day ("TPD") system. Scaling it up is a linear step function and theoretical reactor expansion has been engineered, modelled, and designed to the 100 TPD level.

Our Market

The waste-to-energy landscape continues to be an evolving and growing market. According to a recent report by *Global Market Insights*, it is expected that the waste-to-energy market will grow from US\$20.6 billion in 2015 to over US\$35.5 billion by 2024.

Demand in the market for alternatives to incineration and landfill is already increasing significantly. Landfill taxes are at an all time high and are expected to continue to grow, making alternatives like the PowerHouse G3 System very attractive.

Gasification

The advantages of gasification are multifold. In addition to a reduced carbon dioxide footprint compared to incineration, ultra high temperature gasification results in no leachable residue or ash, a significant problem faced by pyrolysis and lower temperature combustion-based systems. Low temperature alternatives produce significant levels of highly toxic and potentially carcinogenic cyclic molecules. Those toxins are imbued in the residues and ashes of lower temperature systems and require that the ash and residue be land-filled for hygiene and safety. This is not the case with the PowerHouse approach.

Our G3 System is designed to completely decompose the complex molecules in the waste-stream, capture the vast majority of the calorific value therein, detoxify the residue, and allow us to capture and recycle components of the waste-stream like sulphur, zinc, or other minerals or metals.

Specialised waste markets represent very large, and potentially very lucrative, opportunities for the use of the G3 System. We believe our ability to deal with medical, chemical, biological, and pharmaceutical waste is nearly unparalleled.



Our Technology

PowerHouse's proprietary gasification technology, the G3 System, was initially designed with expansion in mind. Effectively interlocking and leveraging both front-end and back-end balance of plant components, the latest designs of the G3-UHT unit with 4 integrated reactors ("G3 Unit") can feed 400 TPD in a single operational line driving a turbine electrical generator. This represents an 8-fold increase over previous technologies that PowerHouse had considered.

With the advent of significant advances in material science, our heating design is substantially more efficient- improving the thermal efficacy of the system as a whole. The specially formulated and manufactured reactor chambers are immune to the corrosive threats previous technologies faced, thus increasing the lifespan of a reactor vessel.

The simplification of the control systems and the understanding of total system operation, has led to a significant reduction in manufacturing expense, increased ease of operation, and the elimination of potential points of failure for the system as a whole.

During our continual testing and improvement of the G3 Unit, the engineering team was able to identify several areas of readily protectable intellectual property related to the system and the process by which we operate that we will explore protecting through the patent process as appropriate.

PowerHouse continues to develop multiple sales channels and commercial opportunities both independently and in conjunction with a variety of world-wide partners. The design of the larger modular units positions the company to compete for municipal infrastructure business.

The modular G3 Units, with smaller footprints than other commercial technologies, remain ideally suited for local, or neighbourhood, transfer stations, and are appropriately sized for integration into the community and the expansion of the distributed grid.

Purpose-built G3 Units are being designed exclusively for the economical elimination of highly toxic waste in focused arenas like pharmaceutical manufacturing, chemical production, or other industrial applications.

Auto Shredder Residue ("ASR") is another niche market that is extremely interesting due to the cost of eliminating the non-recyclable components of automobile dismantling. Our ability to gasify the non-recyclable organic components of the ASR allows us to convert those organics into synthesis gas and fuel electrical generation for the operation of the dismantling operations, and send the excess electricity back to the grid.

Our system's complete demolecularisation capabilities allow us to manage expensive toxic waste-streams and to capture the energy value while completely detoxifying the waste. Any resultant residue is completely non-toxic, non-leachable, and requires no specialised disposal. It has the consistency of talc.

Operations

PowerHouse has established an engineering, design, testing, and business development centre in Brisbane, Australia with a view to serving the needs of clients throughout Australian and the south-east Asian market.

Board and Advisor Changes

In May 2016 Clive Carver joined the Board of PowerHouse as a non-executive Director. He sits on the board of a number of AIM quoted companies and his experience of the London financial markets should be of significant value to the Company as we progress our commercial efforts.

WH Ireland were appointed as Nominated Advisor to the Company in April 2016.

Funding

Hillgrove Investments Pty Limited, (“Hillgrove”) has continued its support of the Company through the provision of capital and personnel for the design, development, engineering, construction, and testing of the G3 System in Brisbane, Australia. The Convertible Loan Note, signed in 2012, between the Company and Hillgrove has been increased by approximately AUD176,000. As previously announced, the repayment dates for all loans and debt due to Hillgrove have been extended to, at the earliest, 12 months after the publication of the Company’s Financial Statements for the year ended 31 December 2015 being 30 June 2017.

Additionally, the Company raised £575,000 via three equity fundings during the period under review.

As at 20 September 2016 the Company has £450,00 in cash, which the Board believes will provide adequate funding to commence the commercialisation of the G3-UHt technology and wider ongoing research.

Current Trading

The first 9 months of 2016 have been an active and exciting time. Testing has been completed on the G3-UHt. The G3 System is close to being integrated into an easy-to-transport container for demonstration at multiple sites. We anticipate a minimum of two containerised units being constructed and shipped to the UK and the US for demonstration purposes.

The Company is in the early stages of discussions with a number of potential clients who have been awaiting the results of the G3-UHt testing. Their operations range in size from 5 TPD to 1,000 TPD and are based in Australia, the UK, the Middle East, Thailand and the USA.

In May 2016, the Company announced the signing of a Commercial Cooperation Agreement with PowerHouse Energy, Americas (“PHEA”), a wholly independent contract development company, for the use of the PowerHouse G3 Systems for waste-to-energy projects. PHEA has committed to exclusively buy, and use, the G3 Unit, for its waste-to-energy projects, several of which are currently in development.

Additionally, as previously announced in April 2016, the Company was able to finalise a deal to issue shares to RenewMe Limited in final settlement of a liability. As a shareholder, RenewMe has become an active partner in our success. This has released the Company from any and all previously disputed issues with RenewMe.



Outlook

We have created, and tested, the G3 System; a technology that we believe is unparalleled in its capability, its efficiency, its economy, and its environmental contribution. It is time to begin selling.

Our commercial focus for the remainder of 2016 is to develop partner relationships to successfully deploy the G3 System technology for the elimination of municipal solid waste. We would be disappointed if construction of the first commercial facilities utilising the G3 System were not completed within the next 12 months.

Keith Allaun
Chairman
21 September 2016

Statement of Comprehensive Income

	(Unaudited) Six months ended 30 June 2016 US\$	(Unaudited) Six months Ended 30 June 2015 US\$	(Audited) Year ended 31 December 2015 US\$
Revenue	-	-	-
Cost of sales	-	-	-
Gross Loss	-	-	-
Administrative expenses	(926,057)	(208,998)	(602,918)
Impairment of subsidiary	-	-	1,666,552
Operating loss	(926,057)	(208,998)	1,063,634
Finance income	-	-	-
Finance costs	(350,636)	(272,571)	(584,092)
Loss before and after taxation	(1,276,693)	(451,569)	479,542
Foreign exchange arising on consolidation	527,146	(2,213)	224,065
Total comprehensive expense	(749,547)	(453,782)	703,607
Total comprehensive expense attributable to:			
Owners of the Company	(749,545)	(453,782)	703,647
Non-controlling interests	-	-	-
Loss per share (US\$)	3	(0.01)	(0.01)
			<0.01

The notes numbered 1 to 6 are an integral part of the interim financial information.

Statement of Changes in Equity

	Shares and stock US\$	Accumulated losses US\$	Other reserves US\$	Total US\$
Balance at 1 January 2015 (audited)	81,815,002	(25,806,490)	(61,431,246)	(5,422,734)
<i>Transactions with equity participants:</i>	-	-	-	
- Shares issued to settle liabilities	-	-	-	
- Shares issued to settle liabilities	-	-	-	
<i>Total comprehensive income:</i>				
- Loss after taxation	-	(451,569)	-	(451,569)
- Foreign exchange arising on consolidation	-	-	(2,213)	(2,213)
Balance at 30 June 2015 (unaudited)	81,815,002	(26,258,059)	(61,433,459)	(5,876,516)
<i>Transactions with equity participants:</i>				
- Share issue	308,041		34,107	342,148
<i>Total comprehensive income:</i>				
- Profit after taxation		931,111		931,111
- Foreign exchange arising on consolidation			226,278	226,278
Balance at 31 December 2015 (audited)	82,123,045	(25,326,948)	(61,173,074)	(4,376,979)
<i>Transactions with equity participants:</i>				
- Shares issued to settle liabilities	606,795		(399,247)	207,548
- Shares issued	322,754		110,991	433,745
- Share based payment			151,524	151,524
<i>Total comprehensive expense:</i>				
- Loss after taxation		(1,276,693)		(1,276,693)
- Foreign exchange arising on consolidation			527,146	527,146
Balance at 30 June 2015 (unaudited)	83,052,594	(26,603,641)	(60,782,660)	(4,333,707)

The notes numbered 1 to 6 are an integral part of the interim financial information.

Statement of Financial Position

		(Unaudited) As at 30 June 2016 US\$	(Unaudited) As at 30 June 2015 US\$	(Audited) As at 31 December 2015 US\$
ASSETS				
Non-current assets				
Intangible assets		-	-	-
Property, plant and equipment		-	2,455	-
Investment in associate		-	-	-
Total non-current assets		-	2,455	-
Current Assets				
Trade and other receivables		12,024	9,232	2,146
Cash and cash equivalents		472,807	4,024	259,864
Total current assets		484,831	13,256	262,010
Total assets		484,831	15,711	262,010
LIABILITIES				
Non-current liabilities				
Loans	4	(4,680,012)	-	(4,345,067)
Total non-current liabilities		(4,680,012)	-	(4,345,067)
Current liabilities				
Loans	4	-	(3,820,758)	-
Trade and other payables	5	(138,526)	(2,071,469)	(293,922)
Total current liabilities		(138,526)	(5,892,227)	(293,922)
Total liabilities		(4,818,538)	(5,892,227)	(4,638,989)
Net liabilities		(4,333,707)	(5,876,516)	(4,376,979)
EQUITY				
Shares and stock	2	83,052,594	81,815,002	82,123,043
Other reserves		(60,782,660)	(61,433,459)	(61,173,074)
Accumulated losses		(26,603,641)	(26,258,059)	(25,326,948)
Total deficit		(4,333,707)	(5,876,516)	(4,376,979)

The notes numbered 1 to 6 are an integral part of the interim financial information.

Statement of Cash Flows

	(Unaudited) Six months ended 30 June 2016 US\$	(Unaudited) Six months ended 30 June 2015 US\$	(Audited) Year ended 31 December 2015 US\$
Cash flows from operating activities			
Loss before taxation	(1,276,693)	(451,569)	479,542
Adjustments for:			
- Share based payment	151,524	-	-
- Foreign exchange revaluations	527,146	(2,213)	224,065
Changes in working capital:			
- (Increase) / Decrease in trade and other receivables	(9,878)	34,613	41,700
- Increase / (Decrease) in trade and other payables	(155,396)	(2,435)	(1,773,563)
- Taxation paid	-	-	-
Net cash used in operations	(763,297)	(149,033)	(1,028,256)
Cash flows from financing activities			
Share/stock issues (net of issue costs)	641,293	-	342,148
Finance income	-	-	-
Finance costs	(350,936)	(272,571)	(584,092)
Loans received	685,581	687,963	1,529,290
Net cash flows from financing activities	975,938	145,821	1,287,346
Net increase in cash and cash equivalents	212,641	3,212	259,090
Cash and cash equivalents at beginning of period	259,864	817	816
Foreign exchange on cash balances	302	5	(42)
Cash and cash equivalents at end of period	472,807	4,024	259,864

The notes numbered 1 to 6 are an integral part of the interim financial information.

Notes (forming part of the interim financial information)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information.

1.1. Basis of preparation

This interim consolidated financial information is for the six months ended 30 June 2016 and has been prepared in accordance with International Accounting Standard 34 “Interim Financial Statements”. The accounting policies applied are consistent with International Financial Reporting Standards (“IFRS”) adopted for use by the European Union. The accounting policies and methods of computation used in the interim consolidated financial information are consistent with those expected to be applied for the year ending 31 December 2016.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2016, but is derived from those accounts. Statutory accounts for 2015 have been delivered to the Registrar of Companies. The auditors have reported on those accounts: their report was qualified and contained a disclaimer of opinion and contained statements under section 498(2) or (3) of the Companies Act 2006.

1.2. Going concern

The Directors have considered all available information about the future events when considering going concern. The Directors have reviewed cash flow forecasts for 12 months following the date of these Financial Statements.

The cash balance held at 30 June 2016 is sufficient to ensure the company can pay its debts as they fall due. A further fundraise has been completed post year end increasing cash reserves. Based on this, the Directors believe it is appropriate to continue to adopt the going concern basis of accounting for the preparation of the annual financial statements.

Additionally Hillgrove Investments Pty Limited, as the holder of Convertible Loan Agreement, confirms that it will not seek repayment of any amounts due under the Note or Convertible Loan Agreements until at least 12 months beyond publication of the Company's 2015 annual financial statements.

1.3. Functional and presentational currency

This interim financial information is presented in US dollars which is the Group's functional currency. The principal rates used for translation are:

	30 June 2016 Closing	30 June 2015 Average
British Pounds	\$1.3346	\$1.4491

2. SHARE CAPITAL

	0.5 p Ordinary shares	Deferred shares	4.5 p Deferred shares	4.0 p Deferred shares
Balance at 1 January 2016	430,163,261	388,496,594	17,373,523	9,737,353
Share issue	139,309,574			
Balance at 30 June 2016	<u>569,472,835</u>	<u>388,496,594</u>	<u>17,373,523</u>	<u>9,737,353</u>

The deferred shares have no voting rights and do not carry any entitlement to attend general meetings of the Company. They will carry only a right to participate in any return of capital once an amount of £100 has been paid in respect of each ordinary share. The Company will be authorised at any time to affect a transfer of the deferred shares without reference to the holders thereof and for no consideration.

On 26 January 2016 the Company issued 9,090,909 ordinary shares of 0.5p each at a price of 0.55p each, totalling £50,000.

On 23 February 2016 the Company issued 35,714,285 ordinary shares of 0.5p each at a price of 0.7p each, totalling £250,000.

On 3 March 2016 the Company issued 3,571,419 ordinary shares of 0.5p each at a price of 0.7p each, totalling £25,000.

On 29 April 2016 the Company announced that a full and final settlement had been reached with Renewme to settle the remaining balance in exchange for the issue of 90,932,961 new Ordinary shares. This will release the Company from any and all previously disputed issues with Renewme. Upon issue of these shares Renewme will own 15.96% of the expanded share capital.

3. LOSS PER SHARE

	(Unaudited) As at 30 June 2016	(Unaudited) As at 30 June 2015	(Audited) As at 31 December 2015
Total comprehensive (expense)/profit (US\$)	(749,545)	(451,569)	703,607
Weighted average number of shares	322,223,161	285,425,948	285,425,948
Loss per share (US\$)	<(0.01)	<(0.01)	<0.01

4. LOANS

		(Unaudited) As at 30 June 2016 US\$	(Unaudited) As at 30 June 2015 US\$	(Audited) As at 31 December 2015 US\$
Hillgrove Investments Pty Limited	4.1	4,680,012	3,820,758	4,345,067
Total loans		4,680,012	3,820,758	4,345,067
Classified as:				
- Current		-	3,820,758	-
- Non-current		4,680,012	-	4,345,067

4.1. Hillgrove Loan

Hillgrove Investments Pty Limited (“Hillgrove”) has provided the PowerHouse Energy Group plc with a convertible loan agreement amounting to \$4,680,012 – which can be increased at Hillgrove’s option. The loan is secured by a debenture over the assets of the company and carries interest of 15 per cent per annum.

Hillgrove have provided a letter of support indicating they will not call the “note” for a period of at least 12 months following the publication of the 2015 Financial Statements for the year ended 31 December 2015, this date being 30 June, 2017.

5. TRADE AND OTHER PAYABLES

	(Unaudited) As at 30 June 2016 US\$	(Unaudited) As at 30 June 2015 US\$	(Audited) As at 31 December 2015 US\$
Trade creditors	1,702,825	1,702,825	1,701,144
RenewMe	-	318,712	316,721
Other accruals	49,932	49,932	49,620
Total trade and other payables	2,071,469	2,071,469	2,067,485
Classified as:			
- Current	2,071,469	2,071,469	2,067,485
- Non-current	-	-	-

5.1. RenewMe

RenewMe Limited had been granted exclusive rights by Pyromex to use, own, assemble and install and operate Pyromex systems in territories also licensed to the Company’s subsidiary PowerHouse Energy, Inc. The Company entered into a settlement agreement with RenewMe whereby the parties agreed to change the respective exclusive rights pertaining to the Pyromex technology. Under the original settlement agreement Powerhouse Energy, Inc. had the obligation to pay five instalments of EUR

200,000 annually beginning 30 June 2011. The Company guaranteed the obligations under the agreement of PowerHouse Energy, Inc. As PowerHouse Energy, Inc is unable to meet its obligations, all remaining amounts (EUR 800,000) due under the original settlement agreement have been recognised as a liability.

On 3 March 2014 the Company announced that a settlement had been reached with Renewme to release its claimed geographical licenses to use our technology under a disputed royalty agreement with Pyromex and other claims against the Company in return for €211,000 and the issue of 18,331,996 new Ordinary Shares in the Company. While the equity portion of that settlement has been satisfied, the cash payment has not been settled and the agreement has not been completed. The Company is in active discussion with Renewme to finalise an agreement.

On 29 April 2016 the Company announced that a full and final settlement had been reached with Renewme to settle the remaining balance in exchange for the issue of 90,932,961 new Ordinary shares. This will release the Company from any and all previously disputed issues with Renewme. Upon issue of these shares Renewme will own 15.96% of the expanded share capital.

Capital commitments not accrued for at the period end amounted to £100,000 (2014 : nil) and related to plant and machinery that had not yet been received.

6. SHARE OPTIONS

On 7 March 2016 the Company granted options over a total of 15,000,000 ordinary shares of 0.5 pence each, at an exercise price of 0.75 pence per share. The options were granted to Directors, Keith Allaun 6,000,000; Brent Fitzpatrick 5,000,000; and James Greenstreet 4,000,000; and vest immediately. They are not subject to any performance conditions and will lapse 7 years from the date of grant.