

POWERHOUSE ENERGY GROUP PLC - Placing, Loan Note Conversion and Repayment

PR Newswire

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

Placing, Loan Note Conversion and Repayment

PowerHouse announces a placing and the partial conversion of the Hillgrove loan note, the repayment of the balance of the loan note and the associated debenture release over the loan note

PowerHouse is pleased to announce that it has completed a fund-raising of £2.5 million, through the issue of 312,500,000 new Ordinary Shares of 0.5p per share ("Shares"). The placing was completed at a price of 0.8p per Share. The proceeds of the fundraising will go largely to repay the loan note not otherwise converted signed between the Company and Hillgrove in October 2012 (the "Hillgrove Note").

The terms of the Hillgrove Note were such that the Company was accruing 15% interest against the loan. Hillgrove had extended a total of £3,402,155 to the Company, including accrued interest, and has accepted a £2 million cash pay-out, and conversion of the remaining £1,402,155 into newly issued share capital of the Company at the previously agreed 0.5p conversion price, amounting to 280,430,920 shares. Hillgrove now holds a total of 300,430,920 shares of the enlarged issued share capital of the Company. Hillgrove has committed to a 12 month lock-in period for its newly issued shares. Hillgrove is a related party as defined by the Aim Rules for Companies and accordingly the Hillgrove Note payout and share conversion is deemed a Related Party Transaction.

By virtue of the conversion and pay-out, the Company will eliminate the Hillgrove Note, and the Debenture over the Company's assets, held by Hillgrove, will be released, pending receipt by Hillgrove of the £2m and 280,430,920 Shares.

The fund raising has been managed by Turner Pope Investments who are now appointed as Joint Brokers with Smaller Company Capital Limited.

Yady Worldwide, S.A. ("Yady") a recent investor in the Company, has contributed £500,000 to this raise. Additionally, Yady has agreed to a 12 month lock-in period with the Company.

Admission of the new Shares will be made in two tranches. The first tranche will comprise all of the placing Shares with the exception of those due to Yady, amounting to 250,000,000 Shares ("First Tranche"). Application for admission to trading on AIM for the First Tranche will be made and it is anticipated that this will occur on or around 20 February 2017. These shares will rank *pari passu* in all respects with the Company's existing issued Shares.

The second tranche of shares, being the placing Shares to be issued to Yady and the shares to be issued to Hillgrove pursuant to the conversion, amounting to 342,930,920 ("Second Tranche") are to be admitted to trading on AIM at a later date pending receipt of consideration by Yady.

A further announcement regarding the elimination of the Hillgrove Note, a release of the debenture and admission of the Second Tranche is expected in due course.

Subsequent to the issuance of the First Tranche Shares, the Company will have 893,648,821 ordinary shares in issue.

PowerHouse has no shares in Treasury, therefore this figure may be used by Shareholders, from Admission, as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

The additional funds raised in the placing will contribute to the operating capital of the Company.

Separately, further to the announcement of 26 January 2017 relating to the shipping of its G3-UHt Unit from Australia to the UK, the Company has received notification that the G3-UHt Unit has passed through its first transshipment port-of-call and is en-route to its next transshipment port prior to its arrival in the UK in March 2017.

The Board (all of whom are independent in this matter) consider, having consulted with WH Ireland Limited, that the terms of the Agreement are fair and reasonable insofar as the Company's shareholders are concerned.

Keith Allaun, Executive Chairman of the Company, said:

"This is a significant event and a major turning point in the history of PowerHouse. The conversion of the Hillgrove Note allows us to move forward aggressively and provides the potential to unlock the value of the Company.

Powerhouse is building momentum and this is a major milestone"

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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 is focussed on technologies to 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.

PowerHouse 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