



News Release

FOR IMMEDIATE RELEASE

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American Power Group Announces Production Development Plans For A Low NOx Dual Fuel/Exhaust System

-A Planned Path to Achieve 50%-75% NOx Reduction On Class 8 13L-16L Heavy-Haul Diesel Engines -

- Testing To Be Completed At The Center For Alternative Fuels (CAFEE) – West Virginia University -

Lynnfield, MA –March 28, 2017 – American Power Group Corporation (OTCQB: APGI), today announced that its Board of Directors has approved funding for the initial production development phase of a first of its kind low NOx (oxides of nitrogen) solution for 13L – 16L Class 8 diesel engines that are model year 2010 and newer. The patent-pending design incorporates APG’s California Air Resources Board (“CARB”) E.O. Certified dual fuel natural gas system with APG’s new Exhaust Thermal Management System (“ETMS”). APG’s ETMS is designed to create a quicker warm-up and maintain an optimum temperature performance of an OEM’s diesel engine’s Selective Catalyst Reduction System (“Diesel/SCR”) in order to significantly reduce remaining areas of high smog-forming NOx production. NOx reduction of 50% - 75% below today’s EPA/CARB NOx standards are projected which would qualify diesel engines upgraded with APG’s Dual Fuel/ETMS system to meet California’s Optional Low NOx diesel engine emission standards. Initial phase emissions testing will be performed this spring at the Center For Alternative Fuels, Engines, and Emissions (“CAFEE”) at West Virginia University.

Lyle Jensen, American Power Group Corporation’s Chief Executive Officer stated, “There are millions of 13L to 16L high-horsepower diesel engines on the road that cumulatively rank as the #1 source in NOx emissions. Currently, no alternative low NOx solution exists for this class of engines without compromising their critical heavy-haul power and torque capabilities. The existing APG V5000 and the new APG V6000 with ETMS have the opportunity to fill this void with no loss of power on legacy diesel engines and present options for a new dual fuel natural gas low NOx high-horsepower Diesel/SCR engine for the heavy-haul OEM market. Diesel/SCR engines came to market in 2010 and we now have around one million legacy Diesel/SCR engines on the road with another 150,000 to 200,000 new Diesel/SCR powered Class 8 trucks being purchased every year. For APG, this becomes a multi-billion dollar addressable market with a perpetual annual supply of additional Diesel/SCR engines coming into the market.”

Matthew Van Steenwyk, APG’s Lead Strategic Director commented, “California continues to face the worst air quality problems in the U.S. and is looking to support technologies that can have an immediate and practical impact on diesel related emissions reduction. Diesel engines with SCR systems will be in commercial use for the foreseeable future with few known emission reduction improvements. High-horsepower dedicated natural gas engine development above 11.9L has been mothballed or suspended due to loss of comparable horsepower and torque of a diesel engine. Battery powered or hydrogen powered heavy-duty designs are still in futuristic concept and not economically viable. Various SCR thermal management systems have been proposed as a component in low NOx after-treatment systems with limited success to date. APG’s dual fuel natural gas-based design may have significant performance and economic advantages when compared to electric- and diesel burner- based systems. If this technology performs as expected and proves to be the best economically deployable solution, it could significantly reduce diesel emissions in California’s non-attainment regions and create hundreds of thousands of new jobs to support the increased demand utilization of American produced natural gas.”

Mr. Jensen, concluded, “Numerous studies have linked serious respiratory health issues with diesel-emission related criteria pollutants (smog). The U.S. Environmental Protection Agency reports that 40% or 129 million U.S. citizens live in poor ozone non-attainment regions with children, outside workers, and the elderly being at the greatest health risk. We believe APG is positioning itself to offer the only commercially viable solution that can reliably displace diesel consumption by over 50% with clean-burning natural gas on 13L – 16L Class 8 truck engines resulting in millions of tons of NOx reduction on an annual basis. We are finding significant bipartisan support at the federal and state level to address this serious air pollution problem.”

About American Power Group Corporation

American Power Group’s subsidiary, American Power Group, Inc. provides cost effective products and services that promote the economic and environmental benefits of our alternative fuel and emission reduction technologies. Our patented *Turbocharged Natural Gas® Dual Fuel Conversion Technology* is a unique non-invasive software driven solution that converts existing vehicular and stationary diesel engines to run concurrently on diesel and various forms of natural gas including compressed natural gas, liquefied natural gas, conditioned well-head/ditch gas or bio-methane gas with the flexibility to return to 100% diesel fuel operation at any time. Depending on the fuel source and operating profile, our EPA and CARB approved dual fuel conversions seamlessly displace 45% - 65% of diesel fuel with cleaner burning natural gas resulting in measurable reductions in nitrogen oxides (NOx) and other diesel-related emissions. Through our *Flare Gas Capture and Recovery Technology*, we provide oil and gas producers a flare capture service solution for associated gases produced at their remote and stranded well sites. These producers are under tightening regulatory pressure to capture and liquefy the flared gases at their remote and stranded well sites or face significant oil output reductions. With our proprietary Fueled By Flare™ process technology we can convert these captured gases into natural gas liquids (“NGL”) which can be sold as heating fluids, emulsifiers, or be further processed by refiners. In addition, we anticipate our next generation NGL processing systems will have the capability to convert the residual flared methane into pipeline quality natural gas that can be sold for a variety of dedicated and dual fuel vehicular, stationary, industrial and household uses. See additional information at: www.americanpowergroupinc.com

Caution Regarding Forward-Looking Statements and Opinions

With the exception of the historical information contained in this release, the matters described herein contain forward-looking statements and opinions, including, but not limited to, statements relating to new markets, development and introduction of new products, and financial and operating projections. These forward-looking statements and opinions are neither promises nor guarantees, but involve risk and uncertainties that may individually or mutually impact the matters herein, and cause actual results, events and performance to differ materially from such forward-looking statements and opinions. These risk factors include, but are not limited to, the fact that, our dual fuel conversion business has lost money in the last seven consecutive fiscal years and our flare gas capture and recovery business has yet to generate measurable revenues, the risk that we may require additional financing to grow our business, the fact that we rely on third parties to manufacture, distribute and install our products, we may encounter difficulties or delays in developing or introducing new products and keeping them on the market, we may encounter lack of product demand and market acceptance for current and future products, we may encounter adverse events economic conditions, we operate in a competitive market and may experience pricing and other competitive pressures, we are dependent on governmental regulations with respect to emissions, including whether EPA approval will be obtained for future products and additional applications, the risk that we may not be able to protect our intellectual property rights, factors affecting the Company's future income and resulting ability to utilize its NOLs, the fact that our stock is thinly traded and our stock price may be volatile, the fact that we have preferred stock outstanding with substantial preferences over our common stock, the fact that the conversion of the preferred stock and the exercise of stock options and warrants will cause dilution to our shareholders, the fact that we incur substantial costs to operate as a public reporting company and other factors that are detailed from time to time in the Company's SEC reports, including the report on Form 10-K for the year ended September 30, 2016 and the Company's quarterly reports on Form 10-Q. Readers are cautioned not to place undue reliance on these forward-looking statements and opinions, which speak only as of the date hereof. The Company undertakes no obligation to release publicly the result of any revisions to these forward-looking statements and opinions that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.