News Release

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Media Information Contact:
Kim Doran
Quixote Group
336-413-1872
kdoran@quixotegroup.com

Investor Relations Contacts:
Chuck Coppa, CFO
American Power Group Corporation
781-224-2411
ccoppa@americanpowergroupinc.com

Mike Porter
Porter, LeVay, & Rose, Inc.
212-564-4700
mike@plrinvest.com

American Power Group Announces Eligibility Of An Additional 66 EPA Approved Class 8 Dual Fuel Engine Families For The Texas Emissions Reduction Incentive Grants Program

-Grants Range From Several Thousand to Potentially $15,000 Towards The Cost Of Conversion-

Lynnfield, MA – May 13, 2015 - American Power Group Corporation (OTCQB: APGI) today announced that its subsidiary, American Power Group, Inc. ("APG") has received notice from the Texas Commission on Environmental Quality (TECQ) that its dual fuel conversion applications for eligibility under the Emission Reduction Incentive Grants (ERIG) Program in the State of Texas have been accepted for an additional 66 EPA approved Class 8 APG dual fuel engine families. In November 2014, APG announced that notice of approval had been received from TECQ for an initial listing of 400+ APG engine families.

The TECQ administers the ERIG Program under the Texas Emissions Reduction Plan (TERP) to provide grant funding for projects in certain eligible areas of Texas to reduce emissions of nitrogen oxides (NOx) through the replacement, repower or retrofit of heavy-duty vehicles and equipment. Legislation addresses NOx reduction eligibility standards for projects to convert heavy-duty on-road diesel engines to operate under dual fuel configurations that use natural gas and diesel fuel. American Power Group applied for ERIG eligibility based on the prerequisite Environmental Protection Agency's (EPA) approval of APG's dual fuel conversion systems as listed on the EPA website. Fleet and equipment owners can apply for these grants based on eligible emission reduction engine technologies. The grant recipient may be eligible for reimbursement of the incremental cost of the purchase and installation of the retrofit and/or add-on technology. The grant amounts are variable and may range from several thousand dollars up to $15,000 based on the total tonnage of estimated NOx reduction over the required life of the vehicle.

Lyle Jensen, American Power Group's CEO stated, "We are pleased to have our second set of dual fuel engine family applications approved for ERIG eligibility, especially the 18 late-model Class 8 selective catalyst reduction ("SCR") engine families for Volvo D13, Mack MP8, Detroit Diesel DD13, and Detroit Diesel DD15. Customer approvals for dual fuel conversion grants from the latest application deadline are expected to be announced this summer."

Mr. Jensen concluded, "We are seeing more and more State and Federal emission reduction and alternative fuel programs acknowledge the benefits of EPA approved dual fuel conversion systems by inclusion in their incentive eligibility definitions. We are pleased to have over 470 of our EPA approved dual fuel engine families now eligible so the growing number of Texas fleet owners who are interested in alternative fuel systems and may be able to reduce a measurable portion of their investment through the ERIG Program. Award of an average APG dual fuel grant is projected to reduce the investment payback period by ten to fifteen months. "

About American Power Group Corporation

American Power Group's alternative energy subsidiary, American Power Group, Inc., provides a cost-effective patented Turbocharged Natural Gas® conversion technology for vehicular, stationary and off-road mobile diesel engines. American Power Group's dual fuel technology is a unique non-invasive energy enhancement system that converts existing diesel engines into more efficient and environmentally friendly engines that have the flexibility to run on: (1) diesel fuel and liquefied natural gas; (2) diesel fuel and compressed natural gas; (3) diesel fuel and pipeline or well-head gas; and (4) diesel fuel and bio-methane, with the flexibility to return to 100% diesel fuel operation at any time. The proprietary technology seamlessly displaces up to 75% of the normal diesel fuel consumption with the average displacement ranging from 40% to 65%. The energized fuel balance is maintained with a proprietary read-only electronic controller system ensuring the engines operate at original equipment manufacturers' specified temperatures and pressures. Installation on a wide variety of engine models and end-market applications require no engine modifications unlike the more expensive invasive fuel-injected systems in the market. See additional information at: www.americanpowergroupinc.com.