



News Release
FOR IMMEDIATE RELEASE

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 Upgrades to the APG S4000 Stationary Conversion System

Variable Fuel Management Capability Provides Enhanced Flexibility and Improved Diesel Displacement Rates Oil And Gas Stationary Conversions Drive Highest Overall Quarterly Revenue in 2.5 Years

LYNNFIELD, MA, April 24, 2017 -- **American Power Group Corporation** (APGI) today announced recent upgrades to the S4000 Turbocharged Natural Gas® dual fuel system. The new Variable Fuel Management (“VFM”) software upgrade allows oil and gas drillers to adjust their specific site’s dual fuel mapping calibrations to optimize performance for four different natural gas compositions including CNG, LNG, and two BTU levels of field gas including up to 1,450 BTU. This software upgrade helps to better match the source gas to the corresponding dual fuel optimization table. S4000 customers are experiencing up to a 10% improved diesel substitution rate which substantially improves their payback period, which is currently in the 6 to 9 month range depending on the source gas. The VFM upgrade is in addition to recent display upgrades and new telematics remote monitoring capabilities.

Lyle Jensen, American Power Group’s President and Chief Executive Officer stated, “With the total number of U.S. operating oil based drill rigs more than doubling since their lows in 2016 and an increased number quotes and follow on orders coming from the oil and gas fields in Canada, we have seen a resurgence in our oil and gas conversion revenue during our second fiscal quarter ending March 31, 2017. We expect to report March 2017 quarterly revenue of over \$1.1 million making it our highest overall revenue quarter in the past 2.5 years and our highest oil and gas revenue quarter in the past 3.5 years. Mr. Jensen added, “A big contributor to the March quarter revenue was the fact that APG’s new upgraded S4000 Turbocharged Natural Gas® system has been selected by an existing prominent and innovative contract drilling customer to become a standard option on their next generation drill rigs.”

Mr. Jensen concluded, “The future trend of the U.S. driving global energy prices continues to look favorable. As OPEC nations continue to throttle back and reduce deliveries to American customers, a further draw down on U.S. crude inventory levels could likely happen particularly now that the refiners are ramping for the summer driving season. The U.S. EIA (Environmental Information Administration) sees inventory levels falling by 47 million barrels through the end of the year which is a 9% drop from the current level. This projected decline is set to occur despite an expected sharp jump in U.S. shale production. As a result, several energy experts forecast oil prices will move into the high \$50 to \$60/barrel range by the end of the year. APG’s stationary dual fuel design continues to be recognized for its significant up time, ease of operation and significant economic benefits at the lowest total cost of ownership which is attracting follow on and new customer business.”

-more-

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 or 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.

###