



News Release

FOR IMMEDIATE RELEASE

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MHA Nation TERO Business License Allows American Power Group Subsidiary To Offer Flare Capture And Recovery Services On Fort Berthold Indian Reservation In The Bakken

Lynnfield, MA – August 22, 2016 - American Power Group Corporation (OTCQB: APCI) announced that its subsidiary, American Power Group, Inc. (“APG”) received its MHA Nation Tribal Employment Right Office (TERO) business license, which will allow APG to perform flare capture and recovery services, as well as sales and service of dual fuel systems on the Fort Berthold Indian Reservation (“FBIR”). Fort Berthold is located in the heart of the Bakken shale region in North Dakota. The MHA (Mandan, Hidatsa, and Arikara) Nation is also known as the Three Affiliated Tribes. APG flare capture work on the FBIR will be contracted through Sakakawea Energy, a 100% MHA Nation Member owned entity, who is the Tribal Tier I Contractor for flare capture services (<http://www.sakakaweaenergy.com>).

The North Dakota Department of Mineral Resources reported that as of March 2016, there were 1,435 active well sites on FBIR, with 173 well sites waiting for completion, 548 approved drilling permits, and 1,805 additional potential well sites. The North Dakota Industrial Commission reported there are nineteen oil and gas companies operating well sites on the FBIR. Many have yet to meet their flare capture regulations which can now be satisfied with APG’s technology. The total operator flare volumes on FBIR horizontal wells in calendar year 2015 totaled over 12 million cubic feet of flared gas.

Bernie Fox, CEO of Sakakawea Energy, stated, “We have been looking for a flare capture technology that can meet our current and future flare capture objectives in addition to providing an opportunity to utilize portions of the flared gas as a future lower cost fuel for our tribal members. We believe that American Power Group’s Trident NGL process technology provides us with the best ability to meet all of our needs and Sakakawea Energy looks forward to working with APG to begin implementation plans to fulfill our vision.”

Lyle Jensen, American Power Group CEO, commented, “Our TERO business license provides APG priority access to work closely with Sakakawea Energy and the various MHA Nation environmental and economic development committees to improve the flare capture rate on the FBIR and lay out plans for providing additional Fueled By Flare™ capabilities. We are very familiar with many of the oil and gas companies operating well sites on the FBIR after successfully converting many of their drill rigs to dual fuel in other shale regions of North America. We look forward to expanding our flare capture and recovery capabilities as well as our dual fuel conversions to all areas of the Bakken.”

About American Power Group Corporation

American Power Group's subsidiary, American Power Group, Inc. provides cost effective sustainability 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 nitrous oxides (NOx) and other diesel-related emissions. Through our *Trident Associated 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. Given pending federal methane capture regulations, 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 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, 2015 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.