



News Release

FOR IMMEDIATE RELEASE

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American Power Group Launches British Columbia Dual Fuel Initiative

- Signs Cullen Diesel Power LTD as Dealer/Installer-

-Initial 10 Unit Order for Clark Freightways Funded Through Natural Gas Incentive Program -

Lynnfield, MA – September 20, 2016 – American Power Group Corporation (OTCQB: APGI), announced today that its subsidiary, American Power Group, Inc. (“APG”) has entered an Authorized Dealer Agreement and a Certified Installer Agreement with Cullen Diesel Power Ltd. to introduce APG’s Turbocharged Natural Gas® V5000 Dual Fuel Systems to British Columbia. The first APG dual fuel order for ten systems will be installed on conversions for Clark Freightways from Coquitlam, British Columbia and funded through a local natural gas conversion incentive program. Shipment of the initial ten APG systems is scheduled for September 2016.

Cullen Diesel Power LTD and its subsidiaries will manage all aspects of the APG V5000 Dual Fuel dual fuel conversions in British Columbia. Cullen Diesel Power can trace its heritage back to the 1920’s as one of the first General Motors diesel distributors in North America. In 1974, it changed its name to Cullen Detroit Diesel-Allison Limited and has evolved through several organizational changes to become Cullen Diesel Power LTD today under the guidance of Allan Cullen.

Clark Freightways: Established in 1957, Clark Freightways (“Clark”) has a long and proud history which includes refrigerated and frozen LTL, general freight, truck load, and dedicated transportation logistics services. The Clark management team are leaders in green initiatives and are committed to reducing their carbon footprint through continual research, investment, and implementation of fuel conservation and emission reduction solutions.

Lyle Jensen, American Power Group Corporation’s Chief Executive Officer stated, “We look forward to working with Cullen Diesel Power and Clark Freightways and fully support the various incentive programs to open up the British Columbia market to the economic and environmental benefits of APG’s Turbocharged Natural Gas® Dual Fuel Technology. There are reported to be over 50,000 registered Class 8 trucks in BC and many are heavy-haul high horsepower route profiles which only have dual fuel natural gas technology as a solution in order to retain the required power and torque performance. This pilot program is a “win-win” scenario for the fleet owners and citizens of British Columbia.”

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 to avoid any natural gas range anxiety. 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 Flare to Fuel™ 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 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, 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.