



## **News Release**

### **FOR IMMEDIATE RELEASE**

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## **American Power Group Enters Major Remote Flare Capture Agreement in the Bakken**

### **- Multiple Systems to be Deployed During the Next 90 Days -**

**Lynnfield, MA – September 7, 2016 – American Power Group Corporation (OTCQB: APCI),** announced today that its subsidiary, American Power Group, Inc. (“APG”) has entered into remote flare capture and recovery as well as natural gas liquid (“NGLs”) off-take agreements to support their Trident NGL *Flare To Fuel™* Capture and Recovery Services in the Bakken shale region of North Dakota.

APG entered a Flare Capture and Recovery Service Agreement with a multi-billion dollar independent energy company engaged in the acquisition, exploration, development, and production of crude oil, natural gas, and NGLs who will initially contract two of APG/Trident’s flare capture and recovery systems. Concurrently, APG entered a NGL off-take agreement with a leading commodity merchandising company for sale of 100% of the anticipated salable NGLs (aka “Y-Grade”) produced by the two systems. APG expects to be on site and begin their flare capture services sometime during the fourth calendar quarter of this year. The identity of the entities and terms of the agreements remain confidential for competitive purposes.

The World Bank estimates about 4.9 trillion cubic feet of gas from the world’s oil and gas production is flared off by the oil industry every year. In January 2016, North Dakota’s Bakken flare capture requirements increased from 75% to 80% and are set to increase again in November 2016 to 85%, presenting an increasing challenge to operating in a compliant manner on many of the remote and stranded well sites. APG’s flare capture and recovery services are marketed to oil and gas producers who contract use of APG’s modular and mobile NGL processing system. In addition, APG uses their proprietary process to convert the flared gas into hydro-carbon liquids, commonly referred to as NGLs or Y-Grade. For this contract, APG will be selling the Y-Grade as feedstock for further processing by fractionators who separate the Y-Grade stream into purity products such as propane, butane, and natural gasoline.

A new opportunity for Trident’s future capabilities will be centered around the recently announced federal methane capture requirements placed on the oil and gas industry. On March 10, 2016, the Obama Administration and EPA announced measures to reduce methane emissions from the oil and natural gas industry by 40% to 45% below the levels of 2012 by 2025. The announcement from the White House came as part of a joint agreement with Canada on curbing methane emissions in North America. Historically, flared methane has been excluded from the flared gas regulations due to the difficulty and higher costs to separate methane from the other flared gases. In anticipation of this potential opportunity, we have designed our fourth remote flare capture system to have the capabilities necessary to separate and process the currently un-regulated flared methane into compressed natural gas that can be used with our dual fuel solution and many other pipeline quality natural gas applications

Lyle Jensen, American Power Group Corporation's Chief Executive Officer stated, "With the price of oil and NGL's firming up from their January 2016 lows we are truly excited about this new game-changing revenue stream and the significant long-term value opportunity it presents for our shareholders. While there are multiple variables involved, generally speaking, we expect a million cubic feet per day of flared wet gas will generate anywhere from two million to three million gallons of quality Y-Grade on an annual basis. Our current mobile and modular systems are designed to process a million cubic feet per day of wet flared gas but, based on new customer inquiries, we are also looking at systems which can process much higher volumes per day of flared gas."

Mr. Jensen concluded, "In addition to the Bakken shale region, we have begun to receive inquiries from the Permian and Eagle Ford shale regions of Texas which have the highest number of operating rigs in North America. With today's new oil price realities, the oil and gas producers are continually looking for lower cost operating solutions and everyone is looking to convert waste energy into usable energy, especially when it can also significantly improve air quality and our carbon footprint."

### **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](http://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.