

This is the form of material change report required under section 85(1) of the Securities Act and section 151 of the Securities Rules.

BC FORM 53-901F
(Previously Form 27)

Securities Act

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE ACT

Item 1. Reporting Issuer

KELSO TECHNOLOGIES INC.
801 – 1318 Homer Street
Vancouver, B.C.
V6B 6A7

Item 2. Date of Material Change

February 20, 2004

Item 3. Press Release

February 23, 2004; Vancouver, B.C.

Item 4. Summary of Material Change

Kelso Technologies (TSX-V:KLS) is very pleased to announce that the Association of American Railroads (AAR) has given its approval for the use of the Kelso JS75 SRV Pressure Relief Valves on all 75-pound general purpose railroad tank cars carrying hazardous commodities. The approval covers the United States, Canada and Mexico.

Item 5. Full Description of Material Change

Kelso Technologies (TSX-V:KLS) is very pleased to announce that the Association of American Railroads (AAR) has given its approval for the use of the Kelso JS75 SRV Pressure Relief Valves on all 75-pound general purpose railroad tank cars carrying hazardous commodities. The approval covers the United States, Canada and Mexico.

Kelso President and CEO, Stephen Grossman, upon receiving formal notification of the AAR approval, commented that. . . "This approval removes the last barrier facing the North American Rail Industry for Kelso's JS75 SRV external valves on all general purpose tank cars which represent the majority of tank cars in use in North America. Kelso's innovative, JS75 SRV may now be installed on tank cars handling both hazardous and non-hazardous commodities and it enables complete fleet conversion to Kelso's state-of-the-art technology. About 10% of the estimated 265,000 rail tank cars in use on North American railways undergo valve inspections and/or replacements each year. This approval also sets the stage for Kelso to expand its line of valves for other applications in the Rail Industry. The robustness of this technology will enable Kelso to address new

and larger markets such as the Trucking Industry which has similar needs. And with Patents in a number of major markets around the world, we will make the JS75 SRV a success on a global basis.”

Grossman went on to say that “. . . besides being a major achievement for Kelso and its shareholders, it is also a dramatic step forward in pressure relief valve technology for the rail industry and other industries in need of such technological innovation. After years of research and development work plus millions of dollars, we will now move to promoting a low-profile, external valve; a valve that offers significant benefits over competitive valves that rely on internal technology. Kelso believes the new technology will provide a safer means of transporting and storing goods, both here and around the World.”

The Kelso JS75 SRV offers some very important and specific benefits to the rail industry as compared to other 75-pound pressure relief valves. Some of the benefits are that it:

1. basically eliminates the possibility of any product contamination, typical of some safety valves;
2. is able to vent vapor/gases and liquids at the same time, which helps prevent back pressure that could lead to ruptures or explosions of the tank car(s);
3. eliminates the need for a tank car safety valve nozzle that all internal valves use which could cause environmental damage if sheered off in a tank car rollover incident;
4. provides a much safer valve for railroad mechanics to work on;
5. is smaller, lighter and more compact;
6. has an unobstructed opening and flow aperture due to its unique external design;
7. offers ease of servicing and reduced overall maintenance costs; and,
8. can be easily retrofitted to existing tank cars without structural change.

Brief Description of the Approval Process

On November 14, 2001, Kelso began a Service Trial as required by the AAR involving 30 production valves installed on railroad tank cars. The Service Trail involved travel throughout North America during the extreme cold of winter and the extreme heat of summer to ensure that the Kelso JS75 SRV meets the rigid performance and safety standards set out by the AAR in order to be commercialized and sold to the rail industry.

After two years and approximately 4,000,000 miles traveled, a teardown of five of the remaining 25 valves was undertaken at a certified railroad repair shop with an AAR Observer present. On January 19, 2004 following the teardown, a complete package on the teardown inspection was submitted to the AAR Tank Car Committee for their review and approval. That approval has now been granted marking the successful end of the Service Trial for the Kelso JS75 SRV 75-pound pressure relief valve.

Item 6. Reliance on section 85(2) of the Act

N/A

Item 7. Omitted Information

N/A

Item 8. Senior Officers

Stephen L. Grossman, President
Tel: (604) 899-1274

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED this 27th day of February, 2004.

"Stephen L. Grossman"
(signature)

Stephen L. Grossman
Name

President
Position

Vancouver, B.C.
Place of Declaration