

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

KELSO TECHNOLOGIES INC.
7773 – 118A Street
North Delta, BC, V4C 6V1

Item 2 Date of Material Change

March 29, 2011

Item 3 News Release

The news release was issued March 29, 2011 by Marketwire.

Item 4 Summary of Material Change

The Company announced it has formulated its assembly and distribution plans for its new Manway Securement System and intends to establish an assembly facility in Texas to produce the units.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that it has formulated its assembly and distribution plans for its new Manway Securement System (“MSS”) based on its market research and assessment of inputs from various key manufacturers, retrofit and repair shops servicing the railroad tank car, highway truck trailer and ISO tank industries.

The Company intends to establish a 40,000 to 50,000 square foot assembly facility in Bonham, Texas to produce the patented MSS units. The production target capacity will be 12,000 MSS units per year with a selling price range of approximately US\$2,000 for truck MSS units that are lighter and cheaper to produce and up to US\$6,500 per unit for rail tank cars based on custom design and high end material specifications.

The new Bonham facility will also include the capacity for assembly, test and certification of up to 4,000 valves per year. The Company wants to ensure that production capacity for both products can be scaled upward when necessary with limited additional investment. The key significance of Bonham is that it is within a 110 mile radius of its largest customers.

The Company will concentrate all of its resources on the productive supply chain, assembly and distribution lines required to produce valve and MSS units in adequate numbers to satisfy customer demand. To do this, management has suspended its research and development of anti-corrosion coatings for the time being.

5.2 Disclosure for Restructuring Transactions

Not applicable

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable

Item 7 Omitted Information

None

Item 8 Executive Officer

James R. Bond, CEO and President, 250-764-3618

Item 9 Date of Report

March 29, 2011