

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

August 30, 2012

Item 3 News Release

The news release was issued on August 30, 2012 through Marketwire.

Item 4 Summary of Material Change

The Company announced a non-brokered private placement.

Item 5 Full Description of Material Change

The Company announced that it has arranged a non-brokered private placement, subject to the approval of the TSX Venture Exchange (the “**TSXV**”). The private placement consists of up to 1,500,000 units at a price of CDN\$ 0.60 per unit for gross proceeds of up to CDN\$ 900,000.

Each Unit is comprised of one common share and one-half of one non-transferable common share purchase warrant of the Company (each whole warrant, a “**Warrant**”). Each Warrant entitles the holder to purchase one additional common share of the Company exercisable for a period of 24 months (the “**Expiry Date**”) from the Closing Date (as defined herein) at a price per share of CDN\$0.80.

Finders’ fees of 8% of the gross proceeds secured in the Unit Offering will be payable in cash.

The Unit Offering is anticipated to close on or about September 14, 2012 (the “**Closing Date**”) and is subject to certain conditions including, but not limited to, the receipt of applicable regulatory approvals including approval of the TSXV. The common shares and warrants comprising the Units issued under the Unit Offering will be subject to a four-month and one day hold period commencing on the Closing Date.

Proceeds from the Unit Offering have been allocated to finance production supply chains for the rapid sales growth that is expected to reach US\$225,000 per week in October 2012 and continue to grow as announced by press release on August 28, 2012.

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

Not applicable

Item 7 Omitted Information

Not applicable

Item 8 Executive Officer

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

Item 9 Date of Report

August 30, 2012