

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Naturally Advanced Technologies Inc. (the "Company") ("NAT")
Suite 305 – 4420 Chatterton Way, Victoria, BC V8X 5J2.

Item 2 Date of Material Change

August 16, 2012

Item 3 New Release

A news release was issued by the Company on August 16, 2012 and distributed through CNW disclosure network and PRN US1.

Item 4 Summary of Material Change

The Company announced that this month it completed its final large scale production and commercialization trial with Barnhardt Manufacturing.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced it had completed its final large scale production and commercialization trial with Barnhardt Manufacturing, one of its key third party manufacturers, this month. The fiber is destined to go to CRAiLAR's partner brands, including Georgia-Pacific for formed materials, Levi Strauss and Company for use in additional production trials for apparel products, and for the balance of the spring 2013 retail introduction [announced last month](#).

NAT and Georgia-Pacific [announced a three-year purchasing agreement](#) in September 2011 after a successful evaluation period of less than six months. The partnership has since identified significant product performance advancements. NAT remains in development Levi's, and the delivered CRAiLAR Flax Fiber is expected to be used in a trial that would typically precede a large-scale production run for retail. The amount of fiber delivered could yield as many as 50,000 units of a regular Levi's product.

"This is a validating step for CRAiLAR as we demonstrate the ability of our technology to scale without risk, and as we finalize the completion of our full scale production facility in Pamplico, S.C. Most importantly, this is a key milestone as we look to expand finished products available at retail, and industries within which consumers will soon be experiencing CRAiLAR Flax Fiber," said Ken Barker, CEO of NAT. "We are thrilled to be providing a new, sustainable natural fiber that allows for innovation in partnership with global brands, and that aligns with each of their company-wide sustainability initiatives."

Each partner brand determines the timing of their CRAiLAR-related product introductions internally and has not made public statements about retail plans.

5.2 Disclosure for Restructuring Transactions

Not Applicable.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Guy Prevost, Chief Financial Officer
Suite 305 – 4420 Chatterton Way, Victoria, BC V8X 5J2
Telephone: (250) 658-8582.

Item 9 Date of Report

August 16, 2012.