FORM 51–102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Naturally Advanced Technologies, Inc.
Suite 305 – 4420 Chatterton Way
Victoria, BC V8X 5J2

(the "Company" or "NAT")

Item 2 Date of Material Change

September 24, 2012.

Item 3 News Release

A news release was issued by the Company on September 25, 2012 and distributed through Stockwatch and Market News.

Item 4 Summary of Material Change

The Company announced that it has closed the second tranche of its non-brokered private placement pursuant to which it has now issued an additional 450,758 units (each a "Unit") of the Company in this instance, at a subscription price of US$2.21 per Unit, for additional gross proceeds to the Company of US$996,175.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that it has now closed the second tranche of its previously announced non-brokered private placement pursuant to which it has now issued an additional 450,758 units (each a "Unit") of the Company in this instance, at a subscription price of US$2.21 per Unit, for additional gross proceeds to the Company of US$996,175 (the "Private Placement").

Each Unit is comprised of one common share (each a "Share") and one-half of one transferable share purchase warrant (each a "Warrant") of the Company, and each whole Warrant now entitles the holder thereof to purchase one additional common share (each a "Warrant Share") of the Company at an exercise price of US$3.45 per Warrant Share up to and including September 24, 2014.

Finders' fees of US$38,675 in cash have now been paid in conjunction with the closing of the second tranche of the Private Placement.

All Shares issued pursuant to the second tranche of the Private Placement, and any Warrant Shares issued in connection with the exercise of any of the Warrants, if any, will be subject to a hold period expiring on January 25, 2013, in accordance with the policies of the TSX Venture Exchange and applicable securities laws.

The net proceeds from this second tranche of the Private Placement will be used to expedite the development of the Company's facility in Pamplico, South Carolina, and general corporate purposes. The Company expects an additional closing before the end of September.

The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements.

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
Telephone: (250) 658-8582.

Item 9 Date of Report

September 25, 2012.