



KELSO
TECHNOLOGIES
INCORPORATED

TSXV:KLS

NEWS RELEASE

FOR IMMEDIATE RELEASE

KELSO REQUESTS AND OBTAINS A MANAGEMENT CEASE TRADE ORDER TO ALLOW ADDITIONAL TIME FOR PREPARING ITS AUDITED FINANCIAL STATEMENTS

WEDNESDAY, JANUARY 3, 2007 - VANCOUVER, BC, CANADA – **Kelso Technologies Inc. (TSXV:KLS)**, developer of the unique JS75 SRV pressure relief valve, (the “Company”) announced that, at its request, the BC Securities Commission (BCSC) has today granted a management CTO (cease trade order) which effectively means that Kelso has additional time to file its audited statements for the period ending August 31, 2006.

The notice of default issued under CSA Staff Notice 57-301, Appendix A is reprinted in its entirety in this news release as required by the BCSC.

CSA Staff Notice 57-301 Appendix A Notice of Default

1. The reporting period(s) the company is not able to file financial statements on time for is the year ending August 31, 2006;
2. The reasons for the default are (a) the Company was just advised within the last two days by its newly-appointed auditors that they will not be able to complete the audit before closing for the Christmas/New Year break; (b) there are fewer days available to complete the audit due to the slow down during the Christmas closures and the Company was not made aware of the December 21st closure sufficiently in advance; (c) new financial reporting requirements are adding time delays to the usual audit process; and, (d) the Company is working with auditors who have never worked with the Company before and therefore we are requiring more time to familiarize them with the Company and its business activities.
3. The company expects to file the financial statements by January 31, 2007 or earlier if possible;
4. The date that is two months after the filing deadline is February 27, 2007 and the securities commissions or regulators may impose an issuer cease trade order (CTO) if the financial statements are not filed by that time. The Company accepts that an issuer CTO may be imposed sooner if the company fails to file its Default Status Reports on time;
5. The company intends to satisfy the provisions of Appendix B as long as it remains in default of the financial statement filing requirement;
6. There are no insolvency proceedings against the company; and,
7. There is no other material information concerning the affairs of the company that has not been generally disclosed.

As a consequence to this notice, no director, officer or other insider is permitted to buy, sell or otherwise transact in the shares of the Company until the audited financial statements are filed and the management CTO is removed.

For further information regarding Kelso Technologies, please visit Kelso's website at www.kelsotech.com or contact Investor Relations at 1.866.535.7685 (604.878.7600) ext. 3 or via email to invest@kelsotech.com

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this Release. The information in this news release may contain forward-looking statements. When used in this release, words such as "estimate", "expect", "anticipate" and "believe" as well as similar expressions are intended to identify forward-looking statements. Such statements are used to describe management's future plans, objects, and goals for the Company and therefore involve inherent risks and uncertainties. The reader is cautioned that actual results, performance or achievements may be materially different from those implied or expressed in such statements, which speak only as of the date the statements were made. The Company does not update forward-looking statements continually as conditions change. We seek safe harbor.