

# Corporate Update

November 2, 2007 - Issue 101

Dear Shareholder,

Kelso Technologies is pleased to introduce its first “Corporate Update to Shareholders” in order to provide you with information about the Company’s activities and achievements. This update is meant to “connect the dots” between what Kelso issues in news releases and what the Company is working towards in achievements.

We are cognoscente that many shareholders aren’t fully aware of the many developments within the Company and hope that through periodic Corporate Updates such as this, shareholders will be better informed. To make these widely accessible, the issuing of a

Corporate Updates will be announced via a news release and the actual Corporate Update will be placed on Kelso’s website in the “News” section at [www.kelsotech.com](http://www.kelsotech.com). We look forward to your comments.

## IN THIS ISSUE

1. **Corporate Matters**
2. **Joint Venture/Licensing Opportunities**
3. **Product Research & Development**

## Corporate Matters

---

### Marketing & Sales

Throughout 2006 and 2007, Kelso has focused its efforts on introducing its unique, patented technology to rail industry decision makers, decision influencers, shippers, service facilities, valve support and supply companies, tank car manufacturers, tank lessors, HazMat equipment handlers and others within the North American rail sector.

### Market Penetration & Results

As a result, Kelso has sold valves to a range of companies that have introduced it into their existing operations for testing and assessment or for actual in-service use. Our customers have experienced considerable benefits with Kelso’s unique design – competitive pricing with existing internal valves, reduced maintenance costs, and ease of maintenance to name but a few. The response from customers has been very favourable and leads us to predict greater and greater sales as we evolve our product line and assist our customers in making the change over to our new product.

### Staying Power

Traditionally, sales to the rail industry for ANY new product start slowly. Many companies arrive on the scene with new products but few have the staying power to survive the slow market penetration timetable. Kelso has demonstrated, through sheer persistence, that it is here to stay and will be selling its pressure relief valves to rail industry companies for decades to come.

### Kelso’s Customers

Kelso counts amongst its customers, some of the biggest shippers of chemicals and other products in North America. Kelso’s PRVs have met or exceeded customer demands for safety, cost-efficiency and performance in shipping a wide range of hazardous and non-hazardous commodities.

### Building the Best Possible Team

Kelso has undertaken an extensive search within the rail sector to identify one or more candidates that could spearhead its sales, marketing and production efforts in order to grow its market share in the

United States initially and then in Canada and Mexico. It has identified the key requirements and leadership skills to head Kelso Technologies (U.S.A.) Inc., the wholly-owned subsidiary for sales, marketing and production of Kelso products. The Company is continuing with discussions and negotiations leading to the appointment of a key person that can focus on increasing Kelso's sales through use of the person's existing rail contacts and relationships. The right candidate will bring instant credibility to Kelso and its technology and the Company hopes to be in a position to announce that appointment in the not-to-distant future.

### **Building rail relationships**

Relationships with customers, future customers and others in the rail industry are critical to Kelso's ability to sell its products. Kelso has taken the necessary time and participated in the appropriate events to ensure that sound relationships are built and trust is established within a very selective industry.

### **Sales and Marketing**

Our focus has always been and will be on sales and marketing of Kelso products. Our success lies in our ability to increase revenues, hold costs at reasonable levels and expand our market share both in North America as well as elsewhere.

## **Joint Venture/Licensing Opportunities**

---

Kelso recognizes that sales to the North American rail sector will proceed albeit slowly. The Company is therefore committed to opening up new opportunities in new markets simultaneously in order to increase revenue.

### **Mexico**

The Company has established a sound relationship with a very well-connected and influential group of businessmen in Mexico City. Working with this group since early 2007, an agreement has been put in place and business discussions have been underway with one Mexican-based Company in particular that has the size and financial capabilities to extend Kelso sales of its valves to all corners of Central and South America. The potential Joint Venture Company is now examining Kelso's technology in detail with a view to deciding how it will proceed.

### **Other Territories Worldwide**

The Company also seeks to develop opportunities in other territories where market demand is believed to be significant for its products. These include, amongst others, the very large markets in India, China and Russia. Opportunities in Europe are also being pursued.

Management has identified and held limited discussions with representatives from India and Europe and will continue to pursue these efforts to expand opportunities in these two as well as other regions globally.

## **Product Research & Development**

---

### **Recognized Technology Patented Worldwide**

Kelso has long recognized that its unique technology, which is patented in 21 countries around the globe, presents opportunities to develop products to meet various demands of the rail and other industries in need of pressure relief technology. Starting with the rail sector, Kelso has grown its product line from one valve, the standard flow JS75, to three additional models, the JS75L low flow valve, the JS165L low flow valve and the JS75H high flow valve. Each of these four models is available in three different grades of steel bringing Kelso's total product line thus far to 12 valves.

### **Expanded Product Range in 2007**

The Company has sold the first three models to various customers in the USA and is about to launch sales of its fourth model, the JS75H, which has been designed to supply the significant present need of tank car manufacturers building ethanol transport tank cars. Kelso is confident that its unique design

will address the needs of the ethanol shippers and therefore become a leading seller and revenue generator starting in 2008.

**Continuing R&D**

The Company is beginning development of a fifth valve model for a specific market niche and has been exploring and identified three potential rail industry products that are not pressure relief valves. It is considering acquiring one patented product that has been designed to resolve issues now faced with tank cars and is also reviewing the feasibility of developing two other new non-valve products for the rail sector.

***In the opinion of current management, a continued focus on research and product development is critical to the Company's long-term growth and revenues.***

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 within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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.