

Corporate Update

November 7, 2007 - Issue 102

Dear Shareholder,

We trust that this second issue of Kelso Technologies' "Corporate Update to Shareholders" will provide you with further perspective on and information about Kelso's ongoing activities. Our first update issued on Friday, November 2, 2007 was extremely well received judging by the feedback given to us.

We will continue to supply updates as developments occur so that you have a steady and consistent stream of information about the activities that Kelso's Board of Directors, Management and Consultants are engaged in.

All 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. We look forward to your comments and suggestions for content.

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Growing Market Opportunities Worldwide through Joint Venture/Licensing Opportunities

Kelso recognizes that sales inside the North American rail sector are some of the most lucrative and easiest to access as a result of the unique market conditions created by the governing bodies that guard this industry. As a result of these proprietary market conditions, the Company chose to look outside this North American marketplace. Earlier this year, the Company began discussions about the Latin American Market. The focus was, initially, to explore the markets that may be available to the Company and secondarily, to commence a search for the appropriate joint venture partners and participatory stakeholders.

In the international markets, Kelso enjoys a "best in class" status with its product line and geographic regions that are not necessarily encumbered by the rigid conditions of the North American marketplace. In this regard, Management is very encouraged with the progress to date.

Mexico

The Company has established a sound relationship with a professional and influential group of businessmen in Mexico City to work as its Mexican and South American Representatives. Working with the Company's Mexican Representatives group since early 2007, Kelso has successfully established a Representative Agreement that was announced on October 10, 2007.

As a result of this Agreement, discussions have been underway with a Mexican-based, international Company that has the size and financial capabilities to extend Kelso sales of

its valves to all corners of Central and South America, and discussions and analysis continue.

India, China and South East Asia

With the relationships that have been established internationally, the Company has identified market opportunities that have a far reaching effect.

India has a very robust rail marketplace and is constantly looking for ways to upgrade its systems and procedures. Kelso expects that with the sourcing of the correct partner, groups will be able to establish a strong representation that can allow for the Company to access this burgeoning marketplace.

China has an enormous quantity of natural resources, oil and gas and chemical transportation that occurs inside this marketplace. Through similar relationships like the one established in Mexico, and utilizing in-house contacts, Kelso hopes to be able to access the appropriate partners in order to realize sales and potential licensing opportunities.

South East Asia, similar to India and China, is a marketplace that is ever changing and emerging. Through the groups that Management has been speaking to in India and China, there have been expressions of interest in acquiring the balance of the South East Asian marketplace. Kelso will make these decisions as it concludes its representation discussions and meetings.

In all of these marketplaces and with all of the groups that Management is speaking to, there exists the capabilities to manufacture some or all of the parts of the product line and in turn, Kelso will look to utilize this opportunity to reduce manufacturing costs while still maintaining the integrity of the Patents that it holds.

Market Position

Building Real Relationships

While Kelso has been busy building and establishing real relationships with potential partners and stakeholders, the results of this will be realized in the corporate value.

As a result of the progress that has been made in the business marketplace, Kelso has also been actively seeking market support from the brokerage and investment community. The Company feels stronger than ever in going to the investment and brokerage community now as a result of the progress made. While this is going to be an ongoing process, the process has commenced and we look forward to gaining some good traction.

Trading Volume

The share trading volume has increased significantly from a month ago to now. This is directly as a result of greater market support. As this support grows and investors participate in the purchasing of shares at the lower values that Kelso has been trading at the share price shall increase gradually. This is evidenced by the marginal increase over the last week.

Shareholders & Investors

Kelso is anticipating that many of its existing investors will be purchasing more shares in the market at this time as well. This will obviously have a positive effect on the share price as well. Should any existing shareholders wish to speak to any of the Directors of the Company in relation to this, please feel free to call them at anytime.

In concert with the ongoing interest in Kelso shares, the groups that Kelso has been speaking to in relation to representation and joint ventures have expressed an interest in owning some Kelso shares as well.

These positions will be disclosed and filed with the appropriate authorities and in the correct jurisdictions as they become relevant. Kelso's Board maintains a vigilant view to the maintaining a clean bill of health when it comes to the reporting and disclosure required by the securities authorities.

Fundraising Update

Warrants

Many shareholders who have participated in previous private placements with the Company hold Warrants at various prices. We will be contacting all of you to discuss these over the next couple of weeks. Due to the nature of how the Warrants are awarded, we look forward to our shareholders exercising these Warrants as it is a proven form of financing the Company's activities with supportive shareholders that will help maintain and support an orderly stock market.

Debt Financing

Kelso has been seeking some small portions of debt financing in order to fulfill some shortfalls that have occurred as a result of the advancement of business activities. The parties we have been seeking the components of debt from are strong supporters of Kelso and in many cases already own Kelso shares.

Equity

As you have all been aware, the Company continues to seek a senior level of equity financing as well. This is an ongoing process and in concert with the development of the next stage of business activities we have identified a number of groups that have expressed an interest and will be approaching these groups in the new year. One reason that we have been cultivating these relationships carefully is that we are very wary of the heavy dilution that can occur to a shareholder base when a company is financed at an early stage. Kelso is still considered an early stage company in this context.

Ongoing Meetings

Ongoing meetings with key brokers and investors continue as well. This is in order to gain greater market support as described above and we are in search of an appropriate investor relations group that will fulfill our present needs and be able to grow with us. This is a function of affordability and corporate staging in so far as the sales and marketing developments that we have made.

Conclusion

Once again we hope that you have found this update informative and concise. Should any of our shareholders have any questions or concerns, please don't hesitate to contact us.

There are many aspect of Kelso that are moving quickly now as we have gained some good momentum as a result of the last years activities and we look forward to all your support, however it may come in.

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.