

KELSO



Legal Notice Regarding Forward Looking Statements

This presentation contains “forward-looking” statements within the meaning of applicable Canadian securities legislation. Forward-looking statements are indicated expectations or intentions. Forward-looking statements in this presentation include that the technological products of Kelso are generating meaningful purchase orders that may expand Kelso’s commercial viability and generate multi million dollar revenues. The Company’s products involve detailed proprietary and engineering knowledge and specific customer adoption criteria, hence factors that could cause actual results to be materially different including that we may be unsuccessful in raising any required capital and we may not have sufficient capital to produce and deliver orders, orders that are placed may be cancelled, products may not perform as well as expected, markets may not develop as quickly as anticipated or at all or that the productive capacity of Kelso may not be large enough to handle market demand. Further, we are reliant on certain key employees and we may be unable to protect or defend our intellectual property.

Investors are cautioned against placing undue reliance on forward-looking statements.



Kelso supplies innovative technologies for the safe containment of hazardous materials during transport.



Our primary goal is to improve the safety of industry workers and the environment while providing substantial returns on investment to our customers and shareholders worldwide.



Overview

- ▶ **Business Structure:** Kelso Technologies (USA) Inc. based in Chicago, IL is a wholly-owned subsidiary of Kelso Technologies Incorporated. Operations are located in Vancouver, BC, Canada; Chicago, Illinois and Bonham, Texas, USA
- ▶ **Exchange Listings:** Kelso currently trades its common shares in the USA on the OTCQX (KEOSF) and in Canada on the TSX Venture (KLS)
- ▶ **Business:** Design, marketing, sales, production and distribution of patented railroad equipment technologies.
- ▶ **Marketplace:** Kelso is focused on the supply of products to every OEM (Original Equipment Manufacturer), chemical shipper, leasing and repair shop customer in North America.



Key Executive Management

Neil Gambow (BSME) – Director; CEO & President of Kelso Technologies (USA) Inc.

Mr. Gambow is the former President of Midland Manufacturing, a subsidiary of the Dover Corporation producing valves and valve-related products for the North American rail tank car market. He is a key executive based in Chicago, Illinois and is focused on the growth of sales, marketing and production operations.

James “Rik” Bond (B. Comm) – Director; Chief Executive Officer and President

Mr. Bond is the President of Bondwest, a Canadian company established in 1988 that specializes in corporate architecture, entrepreneurial management, strategic business development and distress turnarounds. Over the past 36 years he has served in advisory, consulting, executive management, director and corporate officer roles in numerous private and public companies in the technology, manufacturing and processing industries.

Richard Lee (B. Comm, CMA) – Chief Financial Officer

Mr. Lee has a Bachelor of Commerce degree from the University of British Columbia and obtained his Certified Management Accountant designation in 1991. Mr. Lee spent over 25 years working for public accounting firms or for public companies. He gained a wealth of experience in corporate finance, acquisitions and accounting while working with public companies that trade in Canada and in the United States.



Technology Goals...

To maintain the integrity and safety of rail tank cars.

When things go wrong however the peril can be
EXPLOSION
or...

IMPLOSION...
Either event can be very costly and dangerous.



External Pressure Relief Valves

- ▶ Patented technology with AAR certification
- ▶ Various pressure ratings including the only external 165 PSI (high-flow)
- ▶ Reliability factor of only one failure in 11 years
- ▶ Substantial technology improvement, eliminating helical coil spring, internal valve stems & spring guide tube
- ▶ Uses flat gasket seal that is more tolerant to contamination
- ▶ Low profile for better roll-over safety
- ▶ All components are visible for complete inspection during loading
- ▶ AAR and FRA driving adoption of “best available technology”

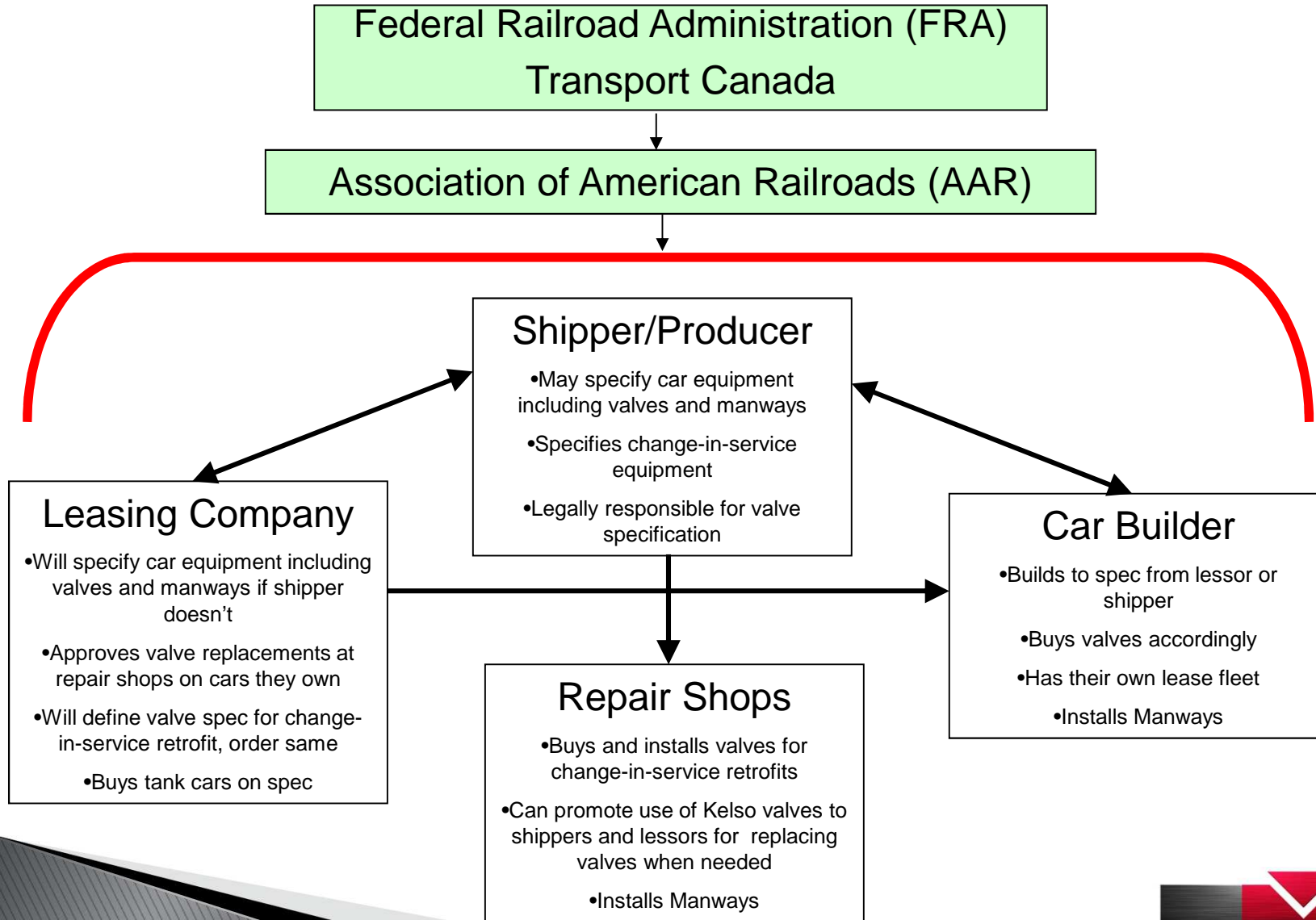


Kelso Klincher™ Manway

- ▶ Revolutionary patented design
- ▶ Eliminates eye bolts that cause 35% of non-accidental releases (NAR)
- ▶ Reduction of regulatory NAR fines
- ▶ Saves clean-up costs
- ▶ Reduces manway securing time up to 80%
- ▶ Extends manway gasket life up to 300%
- ▶ No existing competitors
- ▶ Significant cost-savings of ownership



Railroad Infrastructure



Railroad Supply Opportunities

- ▶ **Tank Car Manufacturers (OEM) market:** up to 12,000 cars annually
 - ▶ Manway: up to \$42M annual market opportunity
 - ▶ Pressure Relief Valves: up to \$12M annual market opportunity

Tank Car Population = 300,000 in North America

- ▶ **Retrofit market:** 4,000 tank cars annually
 - ▶ \$18M annual market opportunity



Growth Opportunities

▶ **Kelso Klincher™ Manway**

- Favorable government regulations pushing new and “best available technology”
- Trucking - market is 4x the size of rail
- ISO Containers - market is same size as rail
- Patent coverage for all containment markets
- Partnerships to expedite time to market

▶ **Kelso Pressure Relief Valves**

- New pressure relief valves for specific applications (in progress)
- Bottom outlet valve – rail industry seeking a better design

▶ **International:**

- South America (Brazil, Chile, Argentina) – Emerging rail market
- South Africa – Based on AAR designs

▶ **Acquisitions:**

- Business and/or Technology



Business Model

- ▶ **Marketing:** achieve ‘gold standard’ recognition in all applicable transportation sectors
- ▶ **Production:** secure and expand supplier relationships to meet demand
- ▶ **Sales:** accelerate adoption rates
- ▶ **Retrofit:** secure programs with key HAZMAT customers
- ▶ **OEM:** secure “annual blanket orders” from major OEMs to reliably forecast revenues and profitability
- ▶ **New markets:** modify product designs to supply roadway tankers, ISO containers, and pipelines

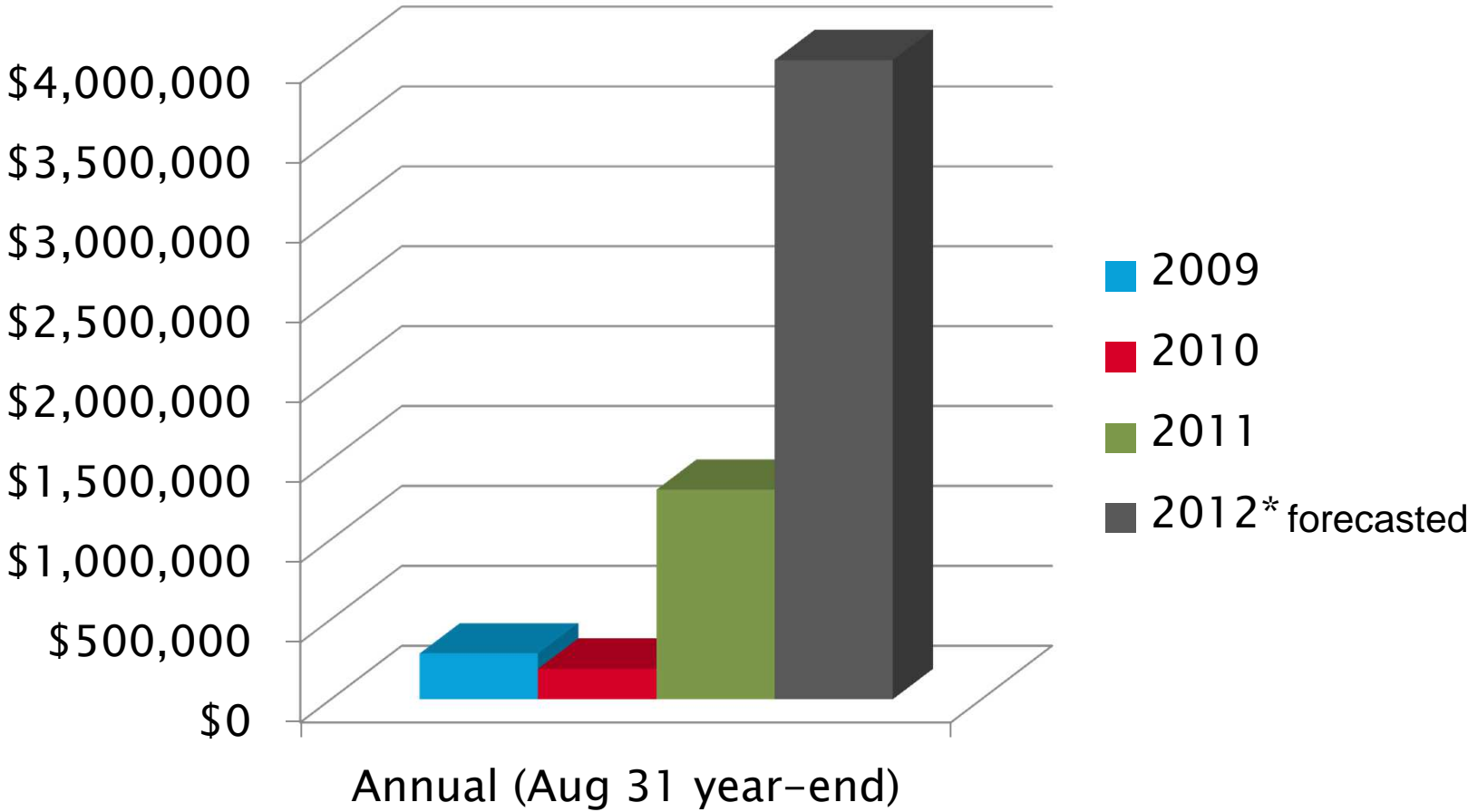


Revenue / Profit Model

PATENTED PRODUCTS	External Pressure Relief Valves (EPRV) Kelso Klincher™ Manway Securement System (KKS)
PRODUCTION TARGETS	2012: 2,400 EPRV and 2,400 KKS units 2013: 4,800 EPRV and 4,800 KKS units
MARKET FOCUS	Railroad tank car OEM; retrofitters; repair shops
ADDITIONAL MARKETS	ISO tanks; road tanker trucks; pipelines
REVENUE per 1,000 units	EPRV: \$1,000,000 KKS: \$3,500,000
GROSS PROFIT TARGETS	35%
PROJECTED BREAK EVEN	\$3,600,000



Revenue Growth



Production in Bonham, TX

- ▶ **Assembly Plant 1 - Valves**
 - Capacity 4,000 per year (scalable)
 - AAR Class F certified production facility
- ▶ **Assembly Plant 2 - Manways**
 - Capacity 1,200 units/year
 - AAR Class D application (pending)
- ▶ **Assembly Plant 3 – planned construction**
 - Operating by mid-2012; 20,000sq.ft.
 - Capacity 12,000 valve and manway units/year
- ▶ **Outsource**
 - Capacity 2,000 manway units/year

Plant 1 (4,000 sq.ft.)



Plant 2 (6,000 sq.ft.)



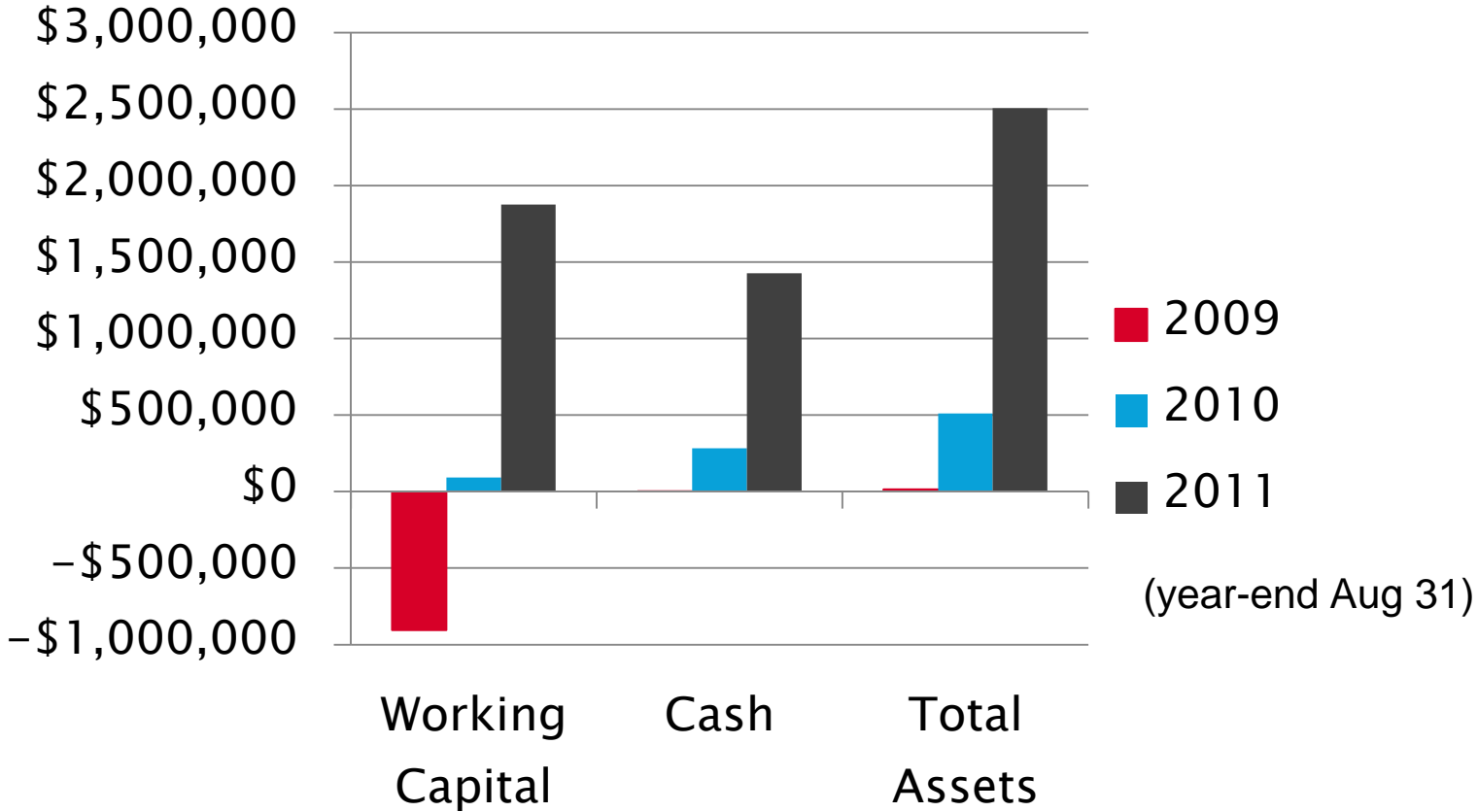
Financial Highlights

- ▶ Working Capital: \$1,500,000
- ▶ Total Assets: \$2,500,000
- ▶ Market capitalization \$20,000,000
- ▶ Issued and outstanding: approx. 33,000,000
- ▶ Fully diluted: approx. 42,000,000

At November 2011



Financial Health



SWOT Analysis

▶ STRENGTHS

- Experienced management
- Patented technologies
- Well financed
- Significant cost-benefits to users
- “Best Available Technology” as demanded by regulatory bodies

▶ WEAKNESSES

- Slow economy
- Technology adoption can be slow
- Production build-up takes time
- Undervalued balance sheet
- Lengthy sales to delivery timeline

▶ OPPORTUNITIES

- New product development (ie roadway, pipelines)
- Recognition as “Best Available Technology” and “gold standard”
- Troubleshooting
- Custom engineering
- Acquisitions
- Regulatory environment

▶ THREATS

- Economy
- New competition
- Slow or no adoption rates
- Regulatory environment



Contact Information

- ▶ For a more complete business and financial profile of the Company, management encourages interested parties to view the Company's documents posted on www.sedar.com.
- ▶ Website: www.kelsotech.com

Contacts:

- ▶ Neil Gambow: CEO and President, Kelso Technologies (USA) Inc., gambow@kelsotech.com or 1-847-323-2878
- ▶ James "Rik" Bond: CEO and President , bond@kelsotech.com or 1-250-764-3618
- ▶ Rick Lee: Chief Financial Officer, lee@kelsotech.com or 1-604-590-1525
- ▶ Maureen O'Hanley Doucette: Media & Communications, ohanley@kelsotech.com or 1-250-212-4318

