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SMARTIRE™

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SmarTire Reports First Quarter Results

RICHMOND, BRITISH COLUMBIA, CANADA – December 14, 2000 – SmarTire Systems Inc. (Nasdaq:SMTR) reported a net loss of CDN \$2.03 million (\$0.14 per share) for the three months ended October 31, 2000 compared with a loss of CDN \$1.99 million (\$0.18 per share) for the same period in 1999. The Company also reported a strong cash position of CDN \$13.0 million as a result of the sale of an investment in March of the previous fiscal year.

During the first quarter of SmarTire's current fiscal year, major milestones were achieved by the Company and by the automotive industry. A targeted public and investor relations program resulted in a significant increase in North American and European corporate awareness within the automotive industry and the investment community. SmarTire experienced considerable national media attention and a wider investor audience. In parallel with these Company initiatives, consumer attention was drawn to the alarming number of fatalities and injuries resulting from tire failures in North America. Amidst a massive product recall by a leading tire manufacturer, the U.S. government launched a major investigation that resulted in new legislation aimed at improving tire safety and preventing future automotive tragedies.

The passage of the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act by the U.S. government constitutes an historic event for the automotive industry. This new bill recommends improved vehicle safety through various initiatives including the critical role played by tire monitoring. The TREAD Act calls for tire monitoring to be installed on all new vehicles as standard equipment by November 2003.

While demand for tire safety products was becoming front page news, SmarTire received enthusiastic response to its second generation of tire monitoring systems at European and North American trade shows from original equipment manufacturers, car importers, commercial distributors/fleets, tire retailers, car accessory distributors and tire and wheel manufacturers. The Company demonstrated its technological edge and confirmed its products as superior with features that monitor both pressure and temperature.

In October, SmarTire announced an agreement in principle with Honeywell that sets the stage for the two companies to enter a Joint Development and Supply Agreement for the purchase, distribution and sale of tire monitoring systems to the automotive aftermarket. For SmarTire the agreement represents an unprecedented opportunity to market its tire monitoring products on a global basis through Honeywell's extensive retail auto parts distribution network.

"Since August, we have seen increased consumer demand and a major shift in attitude within the automotive industry in favour of tire monitoring technology," commented Robert Rudman, SmarTire's President and Chief Executive Officer. "The marketplace has quickly matured and this represents a turning point for SmarTire. With the right technology, products and partners, it is our intention to aggressively execute our business plan and capitalize on this growing market opportunity."

SmarTire develops and markets the world's most technically advanced tire monitoring systems for all sectors of automotive and transportation industries. Through a strategic alliance, SmarTire and TRW Inc are committed to providing superior tire monitoring systems for both aftermarket and original equipment applications. Additional information can be found at www.smartire.com

"Kevin A. Carlson"

Kevin A. Carlson, C.A.
Chief Financial Officer and Managing Director

Except for this historical information contained herein, this news release contains forward looking statements that involve risks and uncertainties, including the impact of competitive products and pricing and general economic conditions as they affect the Company's customers. Actual results and developments may therefore differ materially from those described in this release.

SMARTIRE SYSTEMS INC
 Financial Summary
 Expressed in Canadian dollars

	Three months ended October 31,	
	<u>2000</u>	<u>1999</u>
Revenue	\$ 268,644	\$ 294,926
Cost of goods sold	<u>89,756</u>	<u>166,797</u>
Gross profit	178,888	128,129
Expenses and other	<u>2,204,641</u>	<u>2,122,656</u>
Net loss	<u>\$ 2,025,753</u>	<u>\$ 1,994,527</u>
Loss per share	<u>\$ 0.14</u>	<u>\$ 0.18</u>

SMARTIRE SYSTEMS INC.
 Balance Sheet Summary
 Expressed in Canadian dollars

	<u>October 31,</u> <u>2000</u>	<u>July 31,</u> <u>2000</u>
Cash and cash equivalents	\$12,978,571	\$14,512,558
Total current assets	\$13,698,283	\$15,047,204
Total assets	\$14,639,730	\$15,966,373
Current liabilities	\$ 1,048,028	\$ 739,155
Shareholders' equity	\$13,591,702	\$15,227,218
Total liabilities and shareholders equity	\$14,639,730	\$15,966,373