

SmarTire Systems Inc.
Suite 150, 13151 Vanier Place
Richmond, British Columbia
Canada, V6V 2J1

T: 604.276.9884
F: 604.276.2350
www.smarttire.com
Nasdaq: SMTR



News Release – June 12, 2001
Email: info@smarttire.com
Contact: Charlene Krepiakovich
Tel. 1-604-276-9884 / 800-982-2001

SmarTire Systems Announces Fiscal Third Quarter Results
Company Prepares for an Expanded Marketplace

RICHMOND, BRITISH COLUMBIA, CANADA – June 12, 2001 – SmarTire Systems Inc. (Nasdaq: SMTR) reported today financial performance for its fiscal third quarter ended April 30, 2001. The Company reported a net loss of CDN \$2.1 million or \$0.14 per share, compared with a net income of CDN \$9.6 million or \$0.64 per share for the same period in 2000. The substantial difference in financial performance between the two fiscal quarters is the result of a \$12.2 million gain on the sale of an investment in March 2000 that provided SmarTire with the necessary cash reserves to fund the build up of the Company's Generation II tire monitoring products.

"In an environment of heightened public scrutiny in tire safety and a new regulatory statute from the U.S. government, the automotive industry has a renewed sense of urgency for an effective tire monitoring solution," said Robert Rudman, President and Chief Executive of SmarTire Systems, Inc. "From our perspective, the best tire monitoring solution will provide a high level of technical sophistication and have wide applications to address the myriad of industry specifications. SmarTire's technology is among the most advanced on the market today and we believe the Company will be a leader in providing the industry with a solution."

Amendments to the Transportation Recall Enhancement Accountability and Documentation (TREAD) Act announced last November are forcing rapid changes to the scope of the tire monitoring supply chain. Traditionally viewed as a high-end component for luxury automotive accessory programs, tire monitoring systems will become standard equipment in all vehicles within a few short years. Suppliers to the automotive industry have recognized the massive opportunity that the TREAD Act has created and are striving for a position within this new technology sector.

"SmarTire has been pioneering the research and development of tire monitoring technology for over a decade," said Robert Rudman. "Our latest generation of products has leading edge technology and universal applications for all sectors of the automotive and transportation industries on both the original equipment and aftermarket levels."

"The impact of the TREAD Act on SmarTire has been immediate and profound," continued Mr. Rudman. "All aspects of our corporate plan have been reviewed to ensure that we can maximize on these opportunities. Powerful strategic alliances are critical to our success and establishing new business relationships to improve production and enhance marketing efforts are of the highest priorities."

Rudman concluded, "At SmarTire, we believe in building long-term shareholder value through continuous technological innovations and solid business models. New product development, a dynamic corporate culture and key strategic alliances are the cornerstones of our business."

SmarTire develops and markets the world's most technically advanced tire monitoring systems for all sectors of automotive and transportation industries. Additional information can be found at www.smarttire.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 April 30,		Nine months ended April 30,	
	2001	2000	2001	2000
Revenue	\$ 265,463	\$ 226,963	\$ 862,585	\$ 816,116
Cost of goods sold	<u>136,272</u>	<u>118,438</u>	<u>355,307</u>	<u>431,899</u>
Gross profit	129,191	108,525	507,278	384,217
Expenses	<u>2,253,115</u>	<u>2,695,008</u>	<u>6,784,671</u>	<u>7,786,676</u>
Net loss from operations	<u>\$(2,123,924)</u>	<u>\$(2,586,483)</u>	<u>\$(6,277,393)</u>	<u>\$(7,402,459)</u>
Other Income				
Gain on sale of investment	<u>-</u>	<u>\$12,201,832</u>	<u>-</u>	<u>\$12,201,832</u>
Net income (loss)	<u>\$(2,123,924)</u>	<u>\$ 9,615,349</u>	<u>\$(6,277,393)</u>	<u>\$ 4,799,373</u>
Income (Loss) per share				
Basic	<u>\$ (0.14)</u>	<u>\$ 0.69</u>	<u>\$ (0.42)</u>	<u>\$ 0.38</u>
Fully Diluted	<u>\$ (0.14)</u>	<u>\$ 0.64</u>	<u>\$ (0.42)</u>	<u>\$ 0.36</u>

SMARTIRE SYSTEMS INC.**Balance Sheet Summary**

Expressed in Canadian dollars

	April 30, 2001	July 31, 2000
Cash and cash equivalents	\$ 7,635,344	\$14,512,558
Total current assets	\$ 9,151,252	\$15,047,204
Total assets	\$12,712,939	\$15,966,373
Current liabilities	\$ 1,485,194	\$ 739,155
Shareholders' equity	\$11,227,745	\$15,227,218
Total liabilities and shareholders equity	\$12,712,939	\$15,966,373
