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SmarTire Systems Reports First Quarter Results

Sales Increase Over 2000; Company Provides Update On Private Placement

RICHMOND, BRITISH COLUMBIA, CANADA – December 13, 2001 – SmarTire Systems Inc. (Nasdaq: SMTR), a leading developer of tire pressure and temperature monitoring technology, today announced results for its first quarter of fiscal 2002 ended, October 31, 2001.

For the quarter, the Company reported total gross revenue of US\$352,629, compared to US\$179,838 in the first quarter of fiscal 2001. A net loss of US\$1.6 million (\$0.11 per share) was reported, compared to a net loss of US\$1.4 million (\$0.09 per share) in the same period last year.

In addition, the Company's cash position at October 31, 2001 was US\$748,049 as compared to US\$2,930,257 at July 31, 2001. However, subsequent to the period covered by this quarterly report, SmarTire received net proceeds of US\$1.8 million in a private placement announced November 16th, 2001 through the issuance of 1.1 million units of a total of 3 million units. The subscriptions were completed with institutional investors in Europe and were issued at a price of US\$1.70 and consisted of one common share and one common share purchase warrant. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States without registration or an applicable exemption from registration requirements.

"SmarTire's first quarter performance demonstrates a moderate increase in sales activity from the passenger car aftermarket segment and our new commitment to mass market opportunities in both the passenger car and commercial vehicle original equipment segments," said Robert Rudman, SmarTire's President and Chief Executive Officer. "In North America and Europe, our operations are witnessing an increase in enquiries for both SmarTire's aftermarket products for passenger car and light trucks, and, for SmarTire's OEM technological platform."

New tire safety laws in the United States making tire pressure monitoring systems mandatory by 2003 have created a surge in demand for tire monitoring technology. In August 2001, SmarTire restructured its strategic alliance with TRW, Inc. that effectively provided the Company with immediate access to all levels of the global automotive and transportation industries. "Responding to this surge in demand for advanced tire monitoring solutions, SmarTire is now shifting its focus to these mass market opportunities. During September and October, our business development and engineering teams have made significant progress in the OEM arena," added Ian Bateman, SmarTire's European Managing Director.

"In the short term, the Company is preparing for increased distribution of our aftermarket products and pursuing exciting opportunities for OEM passenger car applications. In the long term, SmarTire will leverage

its technical expertise in niche markets and advance tire monitoring technology to new levels,” Bateman added.

Since 1987, SmarTire has pioneered the research and development of tire monitoring technology and advocated that tire monitoring will become the next major breakthrough in vehicle safety following airbags and anti-lock brakes. With the new Transportation Recall Enhancement Accountability and Documentation (TREAD) Act, improved tire safety standards will require tire pressure warning systems on all new passenger cars and light trucks produced in the U.S. after 2003.

SmarTire develops and markets technically advanced tire monitoring systems for all sectors of the automotive and transportation industries. Additional information can be found at www.smartire.com

“Kevin A. Carlson”

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

This news release may include statements about expected future events and/or financial results that are forward-looking in nature and subject to risks and uncertainties. Forward-looking statements in this release include, but are not limited to, those statements regarding the ability of the Company to complete the announced financing, the anticipated demand for tire monitoring technology, sales of SmarTire’s products and technology to original equipment manufacturers, the size of the market, and, the impact and scope of the new United States legislation. It is important to note that actual outcomes and the Company’s actual results could differ materially from those in such forward-looking statements. Factors that could cause actual results to differ materially include general factors such as insufficient investor interest in the Company’s securities, the impact of competitive products and pricing and general economic conditions as they affect the Company’s customers, and specific risks such as the uncertainty of the requirements demanded and timing specified by U.S. government, reliance on third party manufacturers to product SmarTire products and technology, and, the Company’s ability to source product components in timely manner. Readers should also refer to the risk disclosures outlined in the Company’s annual report of Form 10-KSB for the last completed fiscal year filed with the SEC.

SMARTIRE SYSTEMS INC

Financial Summary

Expressed in United States dollars

	Three months ended October 31,	
	2001	2000
Revenue	\$ 352,629	\$ 179,838
Cost of goods sold	<u>247,924</u>	<u>60,086</u>
Gross profit	104,705	119,752
Expenses	<u>1,717,300</u>	<u>1,607,741</u>
Loss for the period	1,612,595	1,487,989
Other Income	10,123	131,880
Net Loss	<u>\$ 1,602,472</u>	<u>\$ 1,356,109</u>
Loss per share	<u>\$ 0.11</u>	<u>\$ 0.09</u>

SMARTIRE SYSTEMS INC.

Balance Sheet Summary

Expressed in United States dollars

	October 31,	July 31,
	2001	2001
Cash and Cash Equivalents	\$ 748,049	\$ 2,930,257
Total Current Assets	\$ 2,686,209	\$ 4,682,950
Total Assets	\$ 7,829,022	\$ 6,897,839
Current Liabilities	\$ 3,509,581	\$ 782,690
Stockholders' Equity	\$ 4,319,441	\$ 6,115,149
Total Liabilities and Stockholders' Equity	\$ 7,829,022	\$ 6,897,839