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SmarTire Systems Reports Q3 2005 Results

Company's competitive advantage strengthened as industry lawsuit targets inferior technologies

RICHMOND, BRITISH COLUMBIA, CANADA: June 14, 2005 - SmarTire Systems Inc. (OTCBB: SMTR) today announced results for its third fiscal quarter ended April 30, 2005. SmarTire's consolidated financial statements and all financial information contained in this news release are stated in United States Dollars and are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

SmarTire recorded a quarterly net loss of \$5.31 million or loss per share of \$0.03 compared to a net loss of \$2.95 million or loss per share of \$0.04 for the same quarter last year. The net loss for the nine months ended April 30, 2005 was \$11.79 million or a loss per share of \$0.07 compared to a net loss of \$8.12 million or loss per share of \$0.10 for the same period last year. The actual cash loss for the nine months ended April 30, 2005 was \$4.49 million compared to cash loss of \$4.23 million for the same period last year.

Revenues for the third quarter totaled \$330,406, a decrease of \$71,017 over the same quarter in fiscal 2004. Revenues for the first nine months of fiscal year 2005 were \$1,022,484, a decrease of \$236,656 over the same period last year.

Robert Rudman, President & CEO stated: "As reported in March, SmarTire has shifted its strategy to accommodate the realities of the marketplace. While still actively pursuing business in the passenger car market, our primary interests are in the commercial vehicle, motorcycle, bus and recreational vehicle segments. This shift in sales and marketing priorities has required the establishment of new distribution channels involving some of the largest players in their respective markets."

With the passage of the TREAD Act in the fall of 2000, Congress required NHTSA to set guidelines for tire pressure monitoring systems within a year. The agency in the spring of 2002 issued a weak rule that would have been of little help to motorists. Public Citizen, the New York Public Interest Research Group and the Center for Auto Safety sued NHTSA in June 2002 to force the agency to revise the rule to ensure that motorists would be adequately alerted when their tire pressure dropped to dangerous levels. In 2003, the Courts ordered the government to strengthen the rule.

Finally on April 7 of this year, NHTSA issued a new rule requiring automakers to install systems in all new passenger cars and trucks by the 2008 model year, beginning with a phase-in from the 2006 model year. Although the auto industry has been taking steps to comply with this new mandate, a lawsuit against NHTSA was filed on June 6 in the U.S. Court of Appeals for the District of Columbia by Public Citizen, the Goodyear Tire & Rubber Company, Bridgestone Firestone North American Tire, Cooper Tire & Rubber Co., Pirelli and the Tire Industry Association.

The plaintiffs allege that the NHTSA rule issued in April 2005 does not require tire pressure monitoring systems to operate with replacement tires and that this is a dangerous omission given that an estimated 61 percent of passenger and 54 percent of light truck mileage occurs on replacement tires. In addition, systems need not measure tire pressure until a motorist has been driving between 30 and 60 miles per hour continuously for 20 minutes. This means that the system would be useless for someone who does a lot of city driving with attendant stops and starts. Another point of contention relates to the way the legislation is written coupled with the range of tire pressures recommended by automakers. In certain cases, an alert may not be received at the required 25 percent under-inflation.

Robert Rudman continued, "SmarTire supports the recent lawsuit against NHTSA on the basis that our current technology can satisfy the higher standards demanded by the tire industry. Acceptance of a lower standard of tire monitoring performance is to the detriment of the driving public."

About SmarTire Systems Inc.

SmarTire develops and markets proprietary advanced tire pressure monitoring and technology systems for the global automotive and transportation industries. The U.S. Government, through the TREAD Act, has legislated that all new passenger vehicles must be equipped with tire monitoring systems beginning with a phased implementation in 2004. SmarTire is capitalizing on the rapidly emerging OEM and aftermarket opportunities. The company's vision is to become the preeminent provider of wireless sensing and control systems for vehicles worldwide. Incorporated in 1987, SmarTire has offices in North America and Europe.

A comprehensive investment profile regarding SmarTire Systems Inc. may be found online at www.hawkassociates.com/smartire/profile.htm.

Additional information about SmarTire Systems can be found on the website www.smartire.com. An online investor kit containing SmarTire press releases, SEC filings, current price Level II quotes, interactive Java, stock charts and other useful information for investors can be found at www.hawkassociates.com and www.hawkmicrocaps.com. Investors may contact Randy Halischuk, or Judy Leclercq, SmarTire at (800) 982-2001 email: investor_relations@smartire.com or Frank Hawkins or Julie Marshall, Hawk Associates at (305) 451-1888, email: info@hawkassociates.com.

SMARTIRE SYSTEMS INC

Financial Summary

Expressed in United States dollars

	Three months ended April 30,		Nine months ended April 30,	
	2005	2004	2005	2004
Revenue	\$ 330,406	\$ 401,423	\$ 1,022,484	\$ 1,259,140
Cost of goods sold	255,980	287,373	966,235	1,034,523
(including in the nine months ended April 30, 2005 inventory write-down of \$230,000)				
Gross profit	74,426	114,050	56,249	244,617
Expenses	7,001,729	1,840,318	11,027,054	5,404,057
Loss from operations	(6,927,303)	(1,726,268)	(10,970,805)	(5,179,440)
Other expenses (earnings)	1,620,569	(1,223,991)	(823,769)	(2,939,141)
Net Loss	\$ (5,306,734)	\$ (2,950,259)	\$ (11,794,574)	\$ (8,118,581)
Loss per share	\$ (0.03)	\$ (0.04)	\$ (0.07)	\$ (0.10)

SMARTIRE SYSTEMS INC.

Balance Sheet Summary

Expressed in United States dollars

	April 30, 2005	July 31, 2004
Cash and Cash Equivalents	\$ 420,270	\$ 112,951
Total Current Assets	\$ 4,143,274	\$ 3,807,743
Total Assets	\$ 6,212,784	\$ 6,937,128
Current Liabilities	\$ 2,040,034	\$ 3,075,338
Convertible Debentures, net of equity portion of \$457,998 (July 31, 2004 - \$1,955,356)	\$ 195,001	\$ 395,574
Preferred shares, net of equity portion of \$3,999,999 (July 31, 2004 - \$nil)	\$ 1	\$ -
Stockholders' Equity	\$ 3,977,748	\$ 3,466,216
Total Liabilities and Stockholders' Equity	\$ 6,212,784	\$ 6,937,128

This release contains various 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 which represent the company's expectations or beliefs concerning future events of the company's financial performance. These forward-looking statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements. These factors include the effect of competitive pricing, the company's dependence on the ability of third party manufacturers to produce components on a basis which is cost-effective to the company, market acceptance of the company's products and the effects of government regulation. Results actually achieved may differ materially from expected results included in these statements.