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NEWS RELEASE – October 31, 2006

SmarTire Reports 2006 Year End Financial Results

Revenue Increased by 136% Over Fiscal 2005

Richmond, British Columbia, Canada, October 31, 2006 -- SmarTire Systems Inc. (OTC Bulletin Board: SMTR) reported today its financial results for the fiscal year ended July 31, 2006. The company's consolidated financial statements and all financial information contained in this release are stated in U.S. dollars and are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

SmarTire reported record revenue in FY '06 of \$3.5 million, compared to revenue of \$1.46 million in FY '05. Net loss for the year totaled \$29.4 million, compared with a net loss of \$16.1 million in FY '05. The loss for the year increased significantly primarily due to non-cash interest charges of \$23.2 million in FY '06, compared to \$3.6 million in FY '05. Cash used to fund operating and investing activities in FY '06 was \$8.1 million, compared to \$6.9 million in 2005. The increase in cash used was primarily due to an increase of \$0.8 million paid in interest in FY '06 over FY '05.

SmarTire President and CEO Dave Warkentin said, "We made progress this year on several fronts. Our partnership with Dana Corporation has propelled our company to a promising new level. Since signing our marketing and distribution agreement last October, Dana has represented SmarTire at numerous conferences and helped us expand our sales and distribution channels. New customers include companies such as Prevost, Camping World, Medtec, Pierce, Van Hool, Fleetwood, ABC and others. This played an important role in the 136% increase in revenue. The result is a strengthened business model that makes us optimistic about the years ahead.

"Our current plan for fiscal year 2007 is to continue to expand sales into the commercial vehicle market and achieve another year of revenue growth. As the new president and CEO, I believe the company has a bright future. We have an outstanding management team that is dedicated to building a successful business for our shareholders. Our technologies, such as the SmartWave™ product offerings, have been validated by a number of vehicle companies that rely on SmarTire to satisfy safety concerns and the increasing demands for wireless remote vehicle diagnostics and fleet management. I look forward to reporting future progress."

About SmarTire Systems Inc.

SmarTire develops and markets proprietary advanced wireless sensing and control systems

worldwide under the SmartWave™ trademark. The company has developed numerous patent-protected wireless technologies and advanced tire monitoring solutions since it was founded in 1987. The company's proprietary SmartWave platform provides a foundation for the addition of multiple wireless sensing and control applications. The initial product release on the SmartWave platform is SmartWave TPMS, which leverages on the company's background and knowledge in tire monitoring solutions. SmarTire has offices in North America and Europe. For more information about SmarTire Systems Inc., visit <http://www.smartire.com>.

A comprehensive investment profile regarding SmarTire Systems Inc. may be found at <http://hawkassociates.com/smtrprofile.aspx>.

An investment profile, a comprehensive online investor relations kit, SEC filings and other useful information regarding SmarTire Systems Inc. can be found at <http://www.hawkassociates.com/smartire.aspx> and <http://www.americanmicrocaps.com>. In addition, this press release is available for investor commentary, questions, near real-time answers and monitored discussion in the SmarTire IR HUB at <http://www.agoracom.com/IR/SmarTire>. Alternatively, investors may speak with Ken AuYeung or Frank Hawkins of Hawk Associates at (305) 451-1888, e-mail: info@hawkassociates.com, or e-mail questions to SMTR@agoracom.com.

Except for historical information contained herein, the matters discussed in this news release contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve substantial risks and uncertainties. When used in this news release, the words "expects," "may," "will" and similar expressions identify certain of such forward-looking statements. Actual results, performance, or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained herein. These forward-looking statements are based largely on the expectations of SmarTire and are subject to a number of risks and uncertainties that are subject to change based on factors, which are, in many instances, beyond SmarTire's control. These include, but are not limited to, risks and uncertainties associated with the effects of competitive pricing, SmarTire's dependence on the ability of third-party manufacturers to produce components on a basis that is cost-effective to SmarTire, market acceptance of SmarTire's products, SmarTire's ability to keep up with technological advances in the industry, the effect of competitive products and the effects of governmental regulations. SmarTire cautions that the foregoing factors are not exhaustive.