

NEWS RELEASE – December 15, 1999

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SmarTire Reports First Quarter Results

RICHMOND, BRITISH COLUMBIA, December 15, 1999 – SmarTire Systems Inc. (Nasdaq: SMTR) reported a net loss of CAN\$2.0 million (\$0.18 per share) for the three months ended October 31, 1999 compared with a loss of CAN\$1.8 million (\$0.19 per share) for the same period in 1998.

“We are currently focusing the Company’s efforts on completing the development and product qualification of our new tire monitoring system,” said Robert Rudman, Chairman and Chief Executive Officer. The new tire monitoring system has many improved features and functions including reduced size, weight, ease of installation and modular receiver / display. The new system was introduced at SEMA on November 2nd and received enthusiastic market interest. “We are accelerating efforts in product development and establishing strategic partnerships that support and enhance our position in the market,” stated Mr. Rudman. Recent technology and development partnerships include Transense Technologies (new Surface Acoustic Wave sensing technology), Alligator Ventilfabrik (valve stem attachment for sensors) and SensoNor ASA (development of an ASIS for commercial applications). These strategic relationships build on SmarTire’s existing expertise in tire monitoring and will expand the Company’s product applications into the commercial truck and off road markets.

SmarTire Systems Inc. is an emerging technology company that develops and markets proprietary tire monitoring systems for the North American and European automotive aftermarkets. Through their strategic alliance, SmarTire and TRW Inc. are committed to providing superior tire monitoring systems for both aftermarket and original equipment applications. Additional information is available at www.smartire.com.

“ Kevin A. Carlson ”

Kevin A. Carlson, CA
Chief Financial Officer

Except for the 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,	
	1999	1998
Revenue	\$ 294,926	\$ 693,386
Cost of Goods Sold	<u>166,797</u>	<u>589,237</u>
Gross Profit	128,129	104,149
Expenses and Other	<u>2,122,656</u>	<u>1,913,996</u>
Net Loss	\$ 1,994,527	\$ 1,809,847
Loss Per Share	<u>\$ 0.18</u>	<u>\$ 0.19</u>

SMARTIRE SYSTEMS INC.

Balance Sheet Summary
Expressed in Canadian dollars

	October 31,	July 31,
	<u>1999</u>	<u>1999</u>
Cash and short-term Investments	\$ 4,054,773	\$ 2,484,995
Total Current Assets	\$ 4,949,295	\$ 3,943,953
Total Assets	\$ 5,619,165	\$ 4,467,434
Current Liabilities	\$ 934,684	\$ 1,892,503
Shareholders' Equity	\$ 4,684,481	\$ 2,574,931
Total Liabilities and Shareholders' Equity	\$ 5,619,165	\$ 4,467,434