

Form 51-102F3

Material Change Report

Item 1 Name and Address of Company

SmartCool Systems Inc., Suite 702 - 750 West Pender Street, Vancouver, BC V6C 2T7

Item 2 Date of Material Change

June 27-28, 2005

Item 3 News Release

The Company disseminated news releases on June 14th and June 30th, 2006 using Canada News Wire and filed it on SEDAR with the BCSC, ASC and TSX Venture Exchange.

Item 4 Summary of Material Change

SmartCool Systems Inc. has completed a private placement of 2,500,000 units at a price of \$0.40 per unit for gross proceeds of \$1,000,000.

Item 5 Full Description of Material Change

SmartCool Systems Inc. (the "**Company**") has completed a private placement offering (the "**Offering**") of 2,500,000 units at a price of \$0.40 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share of the Company and one-half (½) non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share at an exercise price of \$0.60 per share until two years from Closing.

The Offering was completed in two tranches. In the first tranche, a total of 1,808,000 units were sold to purchasers subject to a hold period expiring October 28, 2006. In the final tranche, a total of 692,000 were sold to purchasers subject to a hold period expiring October 29, 2006.

Haywood Securities Inc. and Canaccord Capital Corporation acted as agents of the Company in connection with the Offering. The Company paid a cash commission equal to 6% of the gross proceeds and issued a number of compensation warrants entitling the agent to purchase up to that number of shares as is equal to 10% of the number of units sold by the agent as part of the Offering. Each compensation warrant is exercisable at a price of \$0.60 per unit for a period of two years.

The net proceeds from the offering will be used primarily to pay a portion of the purchase price to acquire assets of Abbotly Technologies Pty Ltd. and for working capital.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

None.

Item 8 Executive Officer

George Burnes, President
604-669-1388

Item 9 Date of Report

July 10th, 2006