51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

SmartCool Systems Inc. (the "**Company**")
7155 Kingsway
PO Box 54523 Highgate PO
Burnaby, BC V5E 4J6

Item 2 Date of Material Change

June 15, 2018

Item 3 News Release

The news release was disseminated on June 15, 2018 through Stockwatch.

Item 4 Summary of Material Change

The Company announced that it has closed the first tranche of a non-brokered private placement offering (the "**Offering**") of up to 16,000,000 units (the "**Units**") at a price of $0.05 per Unit. In the first tranche, the Company sold 9,600,000 Units for gross proceeds of $480,000. The Company intends to close the second and final tranche of this Offering on or before June 30, 2018.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company has closed the first tranche of the Offering of up to 16,000,000 Units at a price of $0.05 per Unit. In the first tranche, the Company sold 9,600,000 Units for gross proceeds of $480,000. The Company intends to close the second and final tranche of this Offering on or before June 30, 2018.

Each Unit is comprised of one common share in the capital of the Company (a "**Share**") and one non-transferable share purchase warrant (a "**Warrant**"). Each Warrant will entitle the holder to purchase one additional Share in the capital of the Company (a "**Warrant Share**") for a period of 2 years from the closing date at an exercise price of $0.07, subject to an acceleration provision whereby, in the event that the Company's common shares have a closing price on the TSX Venture Exchange (the "**TSX-V**") of greater than $0.11 per share for a period of 20 consecutive trading days, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and, in such case, the warrants will expire on the 30th day after the date on which such notice is given to the holders.

The Company intends to use the proceeds for:

- advancing the development of the ECOHome Residential unit
- initial ECOHome inventory
- marketing initiatives currently underway in Florida, California and Jamaica
- development of the communication protocols for ECO3 and ESM commercial products
- general working capital

All of the securities issued in the first tranche of the Offering are subject to a hold period expiring October 16, 2018. The Warrants are not transferable.

The Company paid a cash commission of $2,000 and issued 40,000 non-transferable broker warrants (each, a "**Broker Warrant**") to one finder in connection with certain subscriptions in the Financing. Each Broker Warrant shall entitle the holder to purchase one Unit (each, a "**Broker Unit**") at a price of $0.05 per Broker Unit until June 15, 2020, with each Broker Unit consisting of one Share and one share purchase warrant (each, a "**Broker Unit Warrant**"), with each Broker Unit Warrant entitling the holder to purchase one additional Share at a price of $0.07 until June 15, 2020.

See Item 4 above and the attached news release for additional details concerning the material change.

<u>Disclosure Required by MI 61-101</u>

Pursuant to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"), the Financing constitutes a "related party transaction" as a related party of the Company participated in the Financing.

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101.

(a) a description of the transaction and its material terms:

The Company entered into a subscription agreement with 1433389 Alberta Ltd., a company wholly owned by Malcolm Leggett, a director of the Company, whereby Mr. Leggett agreed to purchase 1,000,000 Units of the Company at a price of $0.05 per Unit.

The Company entered into a subscription agreement with Dalton Larson, a director of the Company, whereby Mr. Larson agreed to purchase 500,000 Units of the Company at a price of $0.05 per Unit.

The Company entered into a subscription agreement with Haiwen Qian , a director of the Company, whereby Ms. Qian agreed to purchase 1,000,000 Units of the Company at a price of $0.05 per Unit.

(b) the purpose and business reasons for the transaction:

Proceeds from the Financing will be used by the Company for:

- advancing the development of the ECOHome Residential unit
- initial ECOHome inventory
- marketing initiatives currently underway in Florida, California and Jamaica
- development of the communication protocols for ECO3 and ESM commercial products
- general working capital

(c) the anticipated effect of the transaction on the issuer's business and affairs:

Proceeds from the Financing will be used by the Company for:

- advancing the development of the ECOHome Residential unit
- initial ECOHome inventory
- marketing initiatives currently underway in Florida, California and Jamaica
- development of the communication protocols for ECO3 and ESM commercial products
- general working capital

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

See item (a).

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

The following table sets out the effect of the Financing on the percentage of securities of the Company beneficially owned or controlled by Mr. Leggett, Mr. Larson and Ms. Qian:

Name and Position	Dollar Amount of Shares Purchased	Number of Securities Purchased	No. of Shares Held prior to Closing of the Financing	Percentage of Issued and Outstanding Shares prior to Closing of the Financing	No. of Shares Held After Closing of the Financing	Percentage of Issued and Outstanding Shares After Closing of the Financing
Malcolm Leggett *Director*	$50,000	1,000,000 Units	Undiluted: 18,842,874[1] Diluted: 27,342,874[2]	Undiluted: 9.39%[3] Diluted: 13.07%[4]	Undiluted: 19,842,874[5] Diluted: 28,342,874[6]	Undiluted: 9.44%[7] Diluted: 12.90%[8]
Dalton Larson *Director*	$25,000	500,000 Units	Undiluted: 900,000[9] Diluted: 4,300,000[10]	Undiluted: 0.45%[3] Diluted: 2.11%[11]	Undiluted: 1,400,000[12] Diluted: 5,300,000[13]	Undiluted: 0.67%[7] Diluted: 2.47%[14]
Haiwen Qian *Director*	$25,000	500,000 Units	Undiluted: 13,682,000[15] Diluted: 29,182,000[16]	Undiluted: 6.82%[3] Diluted: 13.50%[17]	Undiluted: 14,182,000[18] Diluted: 30,182,000[19]	Undiluted: 6.74%[7] Diluted: 13.31%[20]

(1) Comprised of: (i) 3,680,000 common shares (each, a **Share**") held directly; and (ii) 15,162,874 Shares held indirectly through 1433389 Alberta Ltd.

(2) Comprised of: (i) 3,680,000 Shares held directly, (ii) 15,162,874 Shares indirectly through 1433389 Alberta Ltd., (iii) 3,500,000 warrants (each, a "**Warrant**") held indirectly through 1433389 Alberta Ltd., each of which is exercisable into one Share at a price of $0.05 until May 4, 2020, (iv) 2,000,000 Warrants held indirectly through 1433389 Alberta Ltd., each of which is exercisable into one Share at a price of $0.05 until June 21, 2021, (v) 2,000,000 Warrants held indirectly through 1433389 Alberta Ltd., each of which is exercisable into one Share at a price of $0.05 until September 19, 2021, and (vi) 1,000,000 stock options (each, an "**Option**") held directly, each of which is exercisable into one Share at a price of $0.05 per Share until April 8, 2023.

(3) Based on 200,693,377 Shares outstanding prior to the completion of the Financing.

(4) Based on 209,193,377 Shares outstanding on a partially-diluted basis prior to the completion of the Financing, comprised of: (i) 200,693,377 outstanding prior to the completion of the Financing, 7,500,000 Shares that may be issued on exercise of Warrants held indirectly through 1433389 Alberta Ltd., and (iii) 1,000,000 Shares that may be issued on exercise of Options held directly.

(5) Comprised of: (i) 3,680,000 Shares held directly, and (ii) 16,162,874 Shares held indirectly through 1433389 Alberta Ltd.

(6) Comprised of: (i) 3,680,000 Shares held directly, (ii) 16,162,874 Shares held indirectly through 1433389 Alberta Ltd., (iii) all of the convertible securities of the Company set out in footnote (2) above, and (iii) 1,000,000 Warrants held indirectly through 1433389 Alberta Ltd., each of which is exercisable into one Share at a price of $0.07 per Share until June 15, 2020.

(7) Based on 210,293,377 Shares outstanding following the completion of the Financing.

(8) Based on 219,793,377 Shares outstanding on a partially diluted-bases following the completion of the Financing, comprised of: (i) 210,293,377 Shares outstanding following the completion of the Financing, (ii) 8,500,000 Shares that may be issuable on exercise of Warrants held directly and (iii) 1,000,000 Shares that may be issuable on exercise of Warrants held directly.

(9) Comprised of: (i) 900,000 Shares held directly, (ii) 200,000 Shares held indirectly through 548428 BC Ltd., and (iii) 100,000 Shares held through an RIFF Account.

(10) Comprised of: (i) 600,000 Shares held directly, (ii) 200,000 Shares held indirectly through 548428 BC Ltd., (iii) 100,000 Shares held through an RIFF Account, (iv) 200,000 Warrants held indirectly through 548428 BC Ltd., each of which is exercisable into one Share at a price of $0.05 until May 4, 2020, (v) 200,000 Options held directly, each of which is exercisable into one Share at a price of $0.05 per Share until January 16, 2020, and (vi) 3,000,000 Options held directly, each of which is exercisable into one Share at a price of $0.05 per Share until April 8, 2023.

(11) Based on 204,093,377 Shares outstanding on a partially-diluted basis prior to the completion of the Financing, comprised of: (i) 200,693,377 outstanding prior to the completion of the Financing, (ii) 200,000 Shares that may be issued on exercise of Warrants held indirectly through 548428 BC Ltd., and (iii) 3,200,000 Shares that may be issued on exercise of Options held directly.

(12) Comprised of: (i) 1,100,000 common Shares held directly; (ii) 200,000 Shares held indirectly through 548428 BC Ltd., and (iii) 100,000 Shares held through an RIFF Account.

(13) Comprised of: (i) 1,100,000 Shares held directly, (ii) 200,000 Shares held indirectly through 548428 BC Ltd., and (iii) 100,000 Shares held through an RIFF Account, (iv) all of the convertible securities of the Company set out in footnote (16) above, and (iii) 500,000 Warrants held directly, each of which is exercisable into one Share at a price of $0.07 per Share until June 15, 2020.

(14) Based on 214,193,377 Shares outstanding on a partially diluted-bases following the completion of the Financing, comprised of: (i) 210,293,377 Shares outstanding following the completion of the Financing, (ii) 700,000 Shares that may be issuable on exercise of Warrants held directly and (iii) 3,200,000 Shares that may be issuable on exercise of Warrants held directly.

(15) Comprised of: (i) 6,182,000 common Shares held directly; and (ii) 7,500,000 Shares held indirectly through Chows Investment Holdings Inc.

(16) Comprised of: (i) 6,182,000 Shares held directly, (ii) 7,500,000 Shares through Chows Investment Holdings Inc., (iii) 3,000,000 Warrants held directly, each of which is exercisable into one Share at a price of $0.05 until March 15, 2020, (iv) 7,500,000 Warrants held indirectly through Chows Investment Holdings Inc. each of which is exercisable into one Share at a price of $0.05 until March 15, 2020, (v) 2,000,000 Warrants held directly, each of which is exercisable into one Share at a price of $0.05 until September 19, 2021, and (vi) 3,000,000 Options held directly, each of which is exercisable into one Share at a price of $0.05 per Share until July 7, 2022.

(17) Based on 216,193,377 Shares outstanding on a partially-diluted basis prior to the completion of the Financing, comprised of: (i) 200,693,377 outstanding prior to the completion of the Financing, (ii) 5,000,000 Shares that may be issued on exercise of Warrants held directly, (iii) 7,500,000 Shares that may be issued on exercise of Warrants held indirectly through Chow Investment Holdings Inc., and (iii) 3,000,000 Shares that may be issued on exercise of Options held directly.

(18) Comprised of: (i) 6,682,000 common Shares held directly; and (ii) 7,500,000 Shares held indirectly through Chows Investment Holdings Inc.

(19) Comprised of: (i) 6,682,000 Shares held directly, (ii) 7,500,000 Shares held indirectly through Chows Investment Holdings Inc., (iii) all of the convertible securities of the Company set out in footnote (16) above, and (iii) 500,000 Warrants held directly, each of which is exercisable into one Share at a price of $0.07 per Share until June 15, 2020.

(20) Based on 226,793,377 Shares outstanding on a partially diluted-bases following the completion of the Financing, comprised of: (i) 210,293,377 Shares outstanding following the completion of the Financing, (ii) 13,500,000 Shares that may be issuable on exercise of Warrants held directly and (iii) 3,000,000 Shares that may be issuable on exercise of Warrants held directly.

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee.

A resolution of the board of directors was passed on June 14, 2018 which approved the Financing, with Malcolm Leggett, Dalton Larson and Haiwen Qian abstaining from voting in part. No special committee was established in connection with the transaction, and no materially contrary view or abstention was expressed or made by any director.

(f) a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:

Not applicable.

(g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that related to the subject matter of or is otherwise relevant to the transaction:

(i) that has been made in the 24 months before the date of the material change report:

Not applicable.

(ii) the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:

Not applicable.

(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:

See item (a).

(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:

The Financing is exempt from the valuation and minority shareholder approval requirements of MI 61-101 by virtue of the exemptions contained in section 5.5(a) and 5.7(1)(a) of MI 61-101, since neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Financing, insofar as it involves interested parties, exceeds 25% of the Company's market capitalization.

As this material change report is being filed less than 21 days before the closing of the Financing, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. When the financing was originally approved, none of the insiders had disclosed any intent to participate and all of them decided to participate towards the end of the process. In the view of the Company, such shorter period was reasonable as the investment improved the Company's financial position and was clearly in the Company's best interest.

5.2 Disclosure for Restructuring Transactions

N/A

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

Contact: Theodore Konyi, President
Telephone: 604.639.5629

Item 9 Date of Report

June 21, 2018

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Smartcool Announces Closing of First Tranche of Private Placement Offering

Vancouver, B.C. June 15, 2018, Ted Konyi, CEO, Smartcool Systems Inc. (TSX:SSC.V OTC:SSCFF FSE: R3W) (the "**Company**") is pleased to announce that it has closed the first tranche of a non-brokered private placement offering (the "**Offering**") of up to 16,000,000 units (the "**Units**") at a price of $0.05 per Unit. In the first tranche, the Company sold 9,600,000 Units for gross proceeds of $480,000. The Company intends to close the second and final tranche of this Offering on or before June 30, 2018.

Each Unit is comprised of one common share in the capital of the Company (a "**Share**") and one non-transferable share purchase warrant (a "**Warrant**"). Each Warrant will entitle the holder to purchase one additional Share in the capital of the Company (a "**Warrant Share**") for a period of 2 years from the closing date at an exercise price of $0.07, subject to an acceleration provision whereby, in the event that the Company's common shares have a closing price on the TSX Venture Exchange (the "**TSX-V**") of greater than $0.11 per share for a period of 20 consecutive trading days, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and, in such case, the warrants will expire on the 30th day after the date on which such notice is given to the holders.

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The Company paid a cash commission of $2,000 and issued 40,000 non-transferable broker warrants (each, a "**Broker Warrant**") to one finder in connection with certain subscriptions in the Financing. Each Broker Warrant shall entitle the holder to purchase one Unit (each, a "**Broker Unit**") at a price of $0.05 per Broker Unit until June 15, 2020, with each Broker Unit consisting of one Share and one share purchase warrant (each, a "**Broker Unit Warrant**"), with each Broker Unit Warrant entitling the holder to purchase one additional Share at a price of $0.07 until June 15, 2020.

This news release does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Shares or Warrants in the United States. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act"**) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

About Smartcool

Smartcool Systems Inc. (TSX-V: SSC OTC:SSCFF FSE: R3W) provides cutting edge energy efficient and energy cost reduction solutions for businesses around the world. The ECO3 , ESM and ECOHome are Smartcool's unique retrofit technologies that reduce the energy consumption of compressors in air conditioning, refrigeration and heat pump systems by up to 40%.

For further information

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Investor inquiries

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Legal Notice Regarding Forward Looking Statements

This news release contains "forward looking statements". Forward-looking statements are projections of financial performance or future events. Forward-looking statements can be identified by the use of words such as "expect", "anticipate", "intend", "plan", "believe", "estimate" and words of similar meaning. Forward-lookiing statements in this news release include the Company's intent to close the balance of the private placement offering by June 30, 2018. Forward-looking statements are based on management's current expectations and assumptions and they are subject to risks that may cause actual results to differ materially from those expressed or implied by such forward looking statements. These statements are subject to risks that may cause the actual results to be materially different in future periods from those expressed or implied by such forward looking statements. Risks that may prevent or delay the forward looking statements from coming to fruition as anticipated include the availability of working capital, risks inherent in product development, as well as market factors that may increase costs or time to market. It is our policy not to update forward looking statements except to the extent required under applicable securities laws. Further information on the Company is available at www.sedar.com or at the Company's website, www.smartcool.net.

Neither the TSX Venture Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.