51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

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

Item 2 Date of Material Change

August 13, 2018

Item 3 News Release

The news release was disseminated on August 13, 2018 through Stockwatch.

Item 4 Summary of Material Change

The Company closed the third and final 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 and second tranches, which closed on June 15, 2018 and July 27, 2018 respectively, the Company sold 11,800,000 Units for gross proceeds of $590,000. In the third tranche, the Company sold 3,900,000 Units for gross proceeds of $195,000.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company has closed the third and final tranche of the Offering of up to 16,000,000 Units at a price of $0.05 per Unit. In the first and second tranches, which closed on June 15, 2018 and July 27, 2018 respectively, the Company sold 11,800,000 Units for gross proceeds of $590,000. In the third tranche, the Company sold 3,900,000 Units for gross proceeds of $195,000.

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 third tranche of the Offering are subject to a hold period expiring December 14, 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 August 13, 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 August 13, 2020.

See the attached news release for additional details concerning the material change.

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

August 15, 2018

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

Smartcool Announces Closing of Third Tranche of Private Placement Offering

Vancouver, B.C. August 13, 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 third and final 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 and second tranches, which closed on June 15, 2018 and July 27, 2018 respectively, the Company sold 11,800,000 Units for gross proceeds of $590,000. In the third tranche, the Company sold 3,900,000 Units for gross proceeds of $195,000.

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 third tranche of the Offering are subject to a hold period expiring December 14, 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 August 13, 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 August 13, 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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Legal Notice Regarding Forward Looking Statements

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