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 30, 2021

Item 3 News Release

A news release was disseminated on August 30, 2021 through Stockwatch and Baystreet.

Item 4 Summary of Material Change

Pursuant to a partial revocation order (the **"Partial Revocation Order"**) entered by the British Columbia Securities Commission (the **"BCSC"**) on July 22, 2021, the Company has completed a non-brokered private placement offering (the "**Offering**") of 12,500,000 common shares (the **"Shares"**) at a price of $0.02 per Share. The Offering was initially announced in the Company's press release of July 29, 2021.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company has completed the Offering, which consisted of the private placement of 12,500,000 Shares at a price of $0.02 per Share to accredited investors only. Prior to completion of the Offering, each investor was provided with a copy of the Partial Revocation Order and acknowledged, in writing, that the Shares issued in the Offering remain subject to the Failure to File Cease Trade Order (the "**FFCTO**") issued by the BCSC on July 17, 2019 and that the issuance of the Partial Revocation Order does not guarantee the issuance of a full revocation order in the future.

The Company continues to be subject to the FFCTO, and it plans to use the proceeds from the Offering to pay, among other things, outstanding fees owed to its auditors, accountants and other service providers, as well as audit, accounting, legal and filing fees to be incurred in preparing and filing all outstanding financial statements and continuous disclosure records. Once it has filed all of these outstanding records, the Company intends to apply to the BCSC for a full revocation of the FFCTO, though there is no assurance that a full revocation will be granted.

In addition to being subject to the FFCTO, which remains in effect, all of the securities issued in the Offering are subject to a hold period expiring December 31, 2021.

No finder's fees were issued in connection with the Offering.

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

Disclosure Required by MI 61-101

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

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 KPAC Holdings Ltd., a company wholly owned and controlled by Kulwant Sandher, an officer of the Company, whereby Mr. Sandher agreed to acquire 1,250,000 Shares of the Company at a deemed price of $0.02 per Share.

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

Proceeds of the Offering will be used to pay, among other things, outstanding fees owed to its auditors, accountants and other service providers, as well as audit, accounting, legal and filing fees to be incurred in preparing and filing all outstanding financial statements and continuous disclosure records.

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

Proceeds of the Offering will be used to pay, among other things, outstanding fees owed to its auditors, accountants and other service providers, as well as audit, accounting, legal and filing fees to be incurred in preparing and filing all outstanding financial statements and continuous disclosure records.

(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 Offering on the percentage of securities of the Company beneficially owned or controlled by Mr. Sandher:

Name and Position	Dollar Amount of Shares Purchased	Number of Securities Purchased	No. of Shares Held prior to Closing of the Shares for Debt	Percentage of Issued and Outstanding Shares prior to Closing of the Shares for Debt	No. of Shares Held After Closing of the Shares for Debt	Percentage of Issued and Outstanding Shares After Closing of the Shares for Debt
Kulwant Sandher *Officer*	$25,000	1,250,000 Shares	Undiluted: 0 Diluted: 0	Undiluted: 0% Diluted: 0%	Undiluted: 1,250,000(1) Diluted: 1,250,000(2)	Undiluted: 0.50%(3) Diluted: 0.50%(4)

(1) Comprised of: (i) 1,250,000 common Shares held indirectly through KPAC Holdings Ltd.;

(2) Comprised of: (i) 1,250,000 common Shares held indirectly through KPAC Holdings Ltd.;

(3) Based on 252,473,165 Shares outstanding following the completion of the Offering.

(4) Based on 252,473,165 Shares outstanding on a partially diluted-bases following the completion of the Offering.

(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 August 30, 2021 which approved the Offering. 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 shares for debt 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 shares for debt, insofar as it involves interested parties, exceeds 25% of the Company’s market capitalization.

The Company did not file a material change report 21 days prior to closing of the Financing as the Company was not aware of all details of the insider participation in the Financing until just before closing.

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

September 3, 2021

SMARTCOOL™

Smartcool Announces Closing of of Private Placement Offering

August 30, 2021

Vancouver, B.C. - Smartcool Systems Inc. (SSC.H:NEX; OTCPink:SSCFF) ("Smartcool" or the Company") is pleased to announce that it has closed a non-brokered private placement offering (the "**Offering**") of 12,500,000 common shares (the "Shares") at a price of $0.02 per Share.

The Company continues to be subject to a Failure to File Cease Trade Order (the **"FFCTO"**) issued by the British Columbia Securities Commission (**"BCSC"**) on July 17, 2019, and it plans to use the proceeds to pay, among other things, outstanding fees owed to its auditors, accountants and other service providers, as well as audit, accounting, legal and filing fees to be incurred in preparing and filing all outstanding financial statements and continuous disclosure records. Once it has filed all of these outstanding records, the Company intends to apply to the BCSC for a full revocation of the FFCTO.

In addition to being subject to the FFCTO, which remains in effect, all of the securities issued in the Offering are subject to a hold period expiring December 31, 2021.

No finder's fees were issued in connection with the Offering.

An insider of the Company subscribed for a total of 1,250,000 Shares under the financing, which is a "related party transaction" within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The issuance to the insiders is exempt from the valuation requirement of MI 61-101 by virtue of the exemption contained in section 5.5(b) as the Company's shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 in that the fair market value of the consideration of the shares issued to the related parties did not exceed 25% of the Company's market capitalization.

None of the securities sold in connection with the Offering have been or will be registered under the United States Securities Act of 1933, as amended, and no such securities may be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

About Smartcool

Smartcool Systems Inc. provides cutting edge energy efficient and energy cost reduction solutions for businesses around the world. The ECO3 and ESM 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 more information please www.smartcool.net

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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-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. Forward-looking statements in this news release include those concerning the Company's intent to bring its financial statement and continuous disclosure filing obligations up to date, and its intent to apply for a full revocation of the FFCTO. 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 investor interest in the Private Placement, the availability of working capital, regulatory risk and miscellaneous market factors that may increase costs. It is our policy not to update forward looking statements except to the extent required under applicable securities laws. Further information on the Company will be made available from time-to-time 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.