SMARTCOOL™

Smartcool Systems Inc. (TSX-V: SSC)
Management Discussion and Analysis

2016 Third Quarter (ending September 30)

www.smartcool.net

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Management's Discussion and Analysis

The following is management's discussion and analysis ("MD&A") of the operating and financial results of Smartcool Systems Inc. for the three months ended September 30, 2016. This information is provided as of Novemver 29, 2016.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2015 and 2014 together with accompanying notes. These documents and additional information about Smartcool can be located on the SEDAR website at www.sedar.com or the Company's website at www.smartcool.net .

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Business Overview

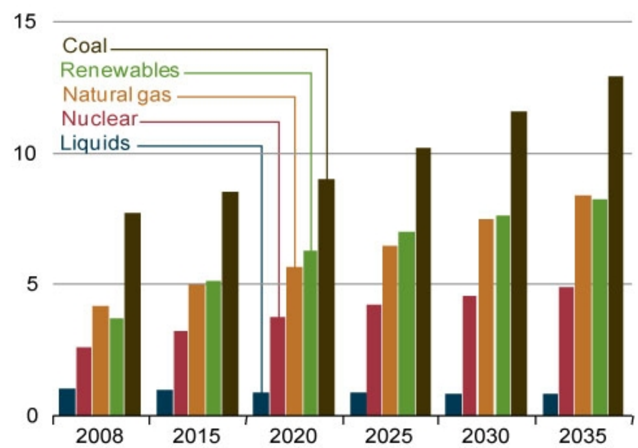
Smartcool Systems Inc. is a clean technology company specializing in the development and distribution of energy efficiency solutions for air conditioning, refrigeration and heat pump systems (HVAC).

Smartcool was established in 2004, beginning as the North American distributor for the Energy Saving Module (ESM) ™, a unique energy efficiency retrofit developed by Abbotly Technologies Pty Ltd of Australia. In 2006, Smartcool purchased the assets of Abbotly, including the intellectual property of the ESM™, and became the sole manufacturer and master distributor. In 2009, Smartcool's research and development cumulated in the delivery of the ECO^3™ to market, a new product specifically designed to bring unprecedented energy efficiency to small scale HVAC systems.

Energy Issues

Smartcool has focused on developing energy efficiency solutions to address the critical energy issues facing the world today and in the future. Electricity is a crucial part of the global economy and our communities. The worldwide demand for electricity has increased by 5.4% since 2010, with developing countries averaging a 9.5% growth in demand. Coal continues to be the most widely used fuel for electricity generation, followed by natural gas. Electricity generated by these fossil fuels releases vast amounts of greenhouse gases into the atmosphere, contributing to climate change and general air pollution.

EIA World Net Electricity Generation by Fuel 2008-2035
(in trillion kWh)



An instinctive solution is to switch to renewable energy sources, not only for environmental reasons but also due to issues of energy security. Electricity generation by renewable resources such as hydro, wind, waves and solar is increasing by an average of 3% each year thanks to government incentives. However, as the Energy Information Administration explains, "Although renewable energy sources have positive environmental and energy security attributes, most renewable technologies other than hydroelectricity are not able to compete economically with fossil fuels during the projection period except in a few regions or in niche markets."[1]

On average, residential electricity rates around the globe have increased by 150% from 2005 to 2008.[2] Combined with environmental concerns surrounding fossil fuel generated electricity, it is

[1] Energy Information Administration, *International Energy Outlook 2011*, Published Sept. 19, 2011
http://www.eia.gov/forecasts/ieo/electricity.cfm
[2] Energy Information Administration, *Electricity Prices for Households*, Updated June 10, 2010
http://www.eia.gov/emeu/international/elecprih.html

clear that a solution to high energy consumption is urgently needed. Energy efficiency is the only option which is both cost effective and can be implemented rapidly.

Smartcool's Energy Efficiency Solutions

Smartcool focuses on reducing the electricity used by refrigeration, air conditioning and heat pumps (HVAC). For target customer industries, such as supermarkets, these systems consume well over 50% of their total energy usage. Even for customers less dependent on HVAC, the systems still account for roughly 20% of their energy bill. The ability to save energy with Smartcool's energy efficiency technology represents a major opportunity to cut operating expenses for any customer, typically giving them a return on their investment averaging 18 to 36 months.   Electricity generated for buildings produces more greenhouse gases than any other source, so cutting HVAC energy consumption can also have a significant impact on the environment.

Smartcool's ECO^3™ and ESM™ are retrofit products, meaning that they are installed by wiring in between the existing thermostat and the compressor in the HVAC system, rather than replacing any expensive equipment. Once installed, the products immediately begin monitoring the cooling cycle of the compressor to identify inefficiencies and opportunities for saving energy. Even the most modern systems have pre-existing inefficiencies that can only be resolved by the intellectual property provided in Smartcool's products. The ECO^3™ and ESM™ dynamically adjust the cooling cycle to save customers energy without any impact to the temperature performance of the HVAC system.

The ECO^3™

The ESM™

With the ECO^3™ and ESM™, customers see all the benefits of energy efficiency, without any risks. The technology has undergone extensive independent third party testing by highly reputable organizations such as Oak Ridge National Laboratories, the University of Miami for Florida Power & Light, and the Los Angeles Department of Power & Water. These tests have proven unequivocally that the technology provides energy savings with no risks, as do over 30,000 installations worldwide.

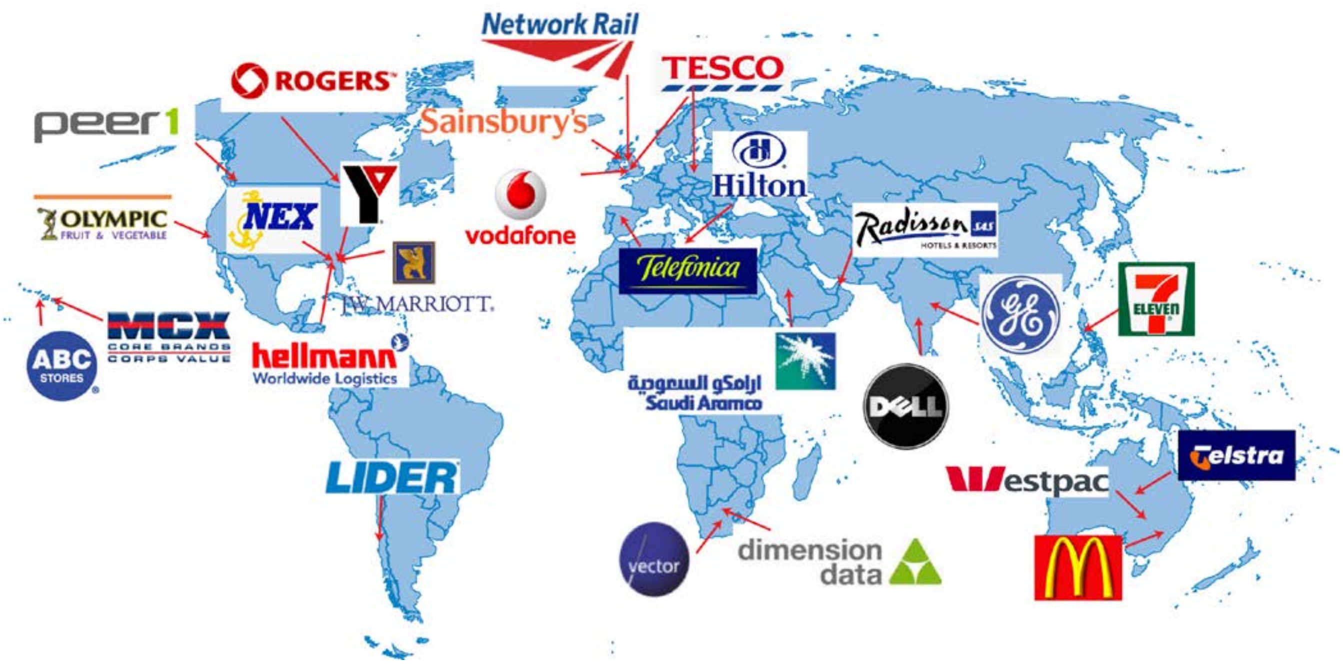
For more information on Smartcool's technology, visit www.smartcool.net or for information specific to the ECO^3™, visit www.smartcooleco3.com

The Market Strategy

Smartcool's ECO^3™ and ESM™ are cost effective energy efficiency solutions for any air conditioning, refrigeration or heat pump system. The few other energy efficiency products geared towards the HVAC market, do not offer the full package of benefits that the ECO^3™ and ESM™ provide. Other products on the market do not provide the same degree of safety, and can cause temperature and humidity performance to be affected. They all lack the wide range of compatibility held by the ECO^3™ and ESM™, which can be installed on any HVAC system. Perhaps most significantly, other products cannot easily prove consistent energy savings. Smartcool's energy savings can be instantly verified on the product display screens, letting customers monitor energy savings as they happen. This is a critical feature for utility rebate qualification, which Smartcool has already received from major utilities like Florida Power & Light, Southern California Edison and Con Edison. These factors give Smartcool exclusive access to an immense market.

Direct Sales

The company distributes its products directly to major clients, providing them with superior project management and service as they roll out Smartcool products to their facilities. For direct sales, Smartcool targets specific industries such as food retailers, telecommunications, commercial real estate and hospitality, where HVAC energy usage tends to represent a very high percentage of a client's operating budget. In Europe, Smartcool has built a strong portfolio of direct sales through major electrical wholesalers like Rexall, utilities like EON and facilities management companies like Matrix and EMCOR. They have introduces Smartcool to their customers for energy efficiency solutions such as Southern Gas & Electric and Transport for London.



Distribution Sales

Smartcool has developed an intricate network of distributors to target regional markets. Distributors are provided both technical and sales training by Smartcool and receive ongoing support. Distributors have the advantage of detailed regional knowledge, allowing them to build strong client portfolios across the residential sector as well as in industries like food retail, climate controlled storage, hospitality and commercial real estate. Smartcool's distributors have continued to expand their businesses in Australia, India, UAE, Saudi Arabia, Eastern Europe, France, South Africa, and the US (particularly Florida, California and the Mid-West). Distributors have also proven instrumental in launching key accounts for Smartcool, like Telefonica, GE Healthcare, Dell, Saudi Aramco, 7-Eleven, JW Marriott and more.

Corporate Structure

Smartcool has gone through several phases of growth to reach its current structure. Smartcool Systems Inc. is the publicly traded parent company, with three wholly owned subsidiaries: Smartcool International Inc., Smartcool Systems USA Inc. and Lenten Street Ltd. DBA Smartcool. Smartcool International holds the intellectual property and is the master distributor of Smartcool's product line. Smartcool Systems USA distributes the technology within the United States, using a network of local distributors to deliver the products to market. Lenten Street distributes the technology in Europe, the Middle East, Africa and the Indian Sub-Continent with a focus on direct sales.

Financial Overview

Sales activity started to improve in the third quarter though not as expected.

Revenue for the quarter decreased to $81,547 from $126,602 for the third quarter of 2015, a decrease of $45,055. Net loss for the quarter decreased to $373,180 from $469,146 and operating expenses decreased to $416,805 from $558,082.

Total assets decreased to $1,859,878 from $2,437,023 at the end of 2015. The Company had $22,068 in cash and cash equivalents at the end of the quarter, compared to $18,478 at the end of 2015.

Current liabilities at the end of the quarter were $1,675,708 (December 31, 2015 - $1,549,708) which includes current portion of acquisition obligations and debentures totaling $549,914 (December 31, 2015 - $513,269). Long-term liabilities were $263,228 (December 31, 2015 - $358,176), consisting of acquisition obligations $99,107 and deferred tax liability of $164,121.

All the fiscal quarters below have been prepared using IFRS.

	Dec 2015 ($)	Mar 2016 ($)	Jun 2016 ($)	Sep 2016 ($)
Total revenues	287,375	142,497	26,854	81,547
Net income (loss)	(267,173)	(312,449)	(403,029)	(373,180)
Income (loss) per share – basic & diluted	(0.00)	(0.00)	(0.00)	(0.00)

	Dec 2014 ($)	Mar 2015 ($)	Jun 2015 ($)	Sep 2015 ($)
Total revenues	183,502	189,666	181,855	126,602
Net income (loss)	(175,181)	(356,703)	(593,017)	(469,146)
Income (loss) per share – basic & diluted	(0.00)	(0.00)	(0.01)	(0.00)

Selected Annual Information

The following is selected information on Smartcool's financial performance for the past three years. This financial information is derived from the audited financial statements of the Company and has been prepared using IFRS.

	Dec. 31, 2013* ($)	Dec. 31, 2014* ($)	Dec 31, 2015* ($)
Revenue	858,636	738,121	785,498
Selling, General & Administrative	1,058.940	1,367,476	1,449,091
Net Income (Loss)	(414,976)	(849,400)	(1,676,473)
Net income (loss) – per share (basic and diluted)	(0.01)	(0.01)	(0.00)
Total assets	4,177,175	2,525,695	2,437,023
Total long term liabilities	787,581	443,515	358,176
Cash dividends	-	-	-

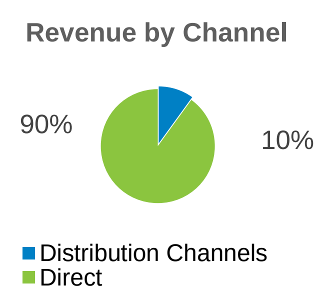
**** Continuing operations only***

Results Summary of Operating

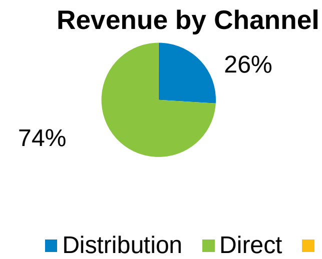
Revenue

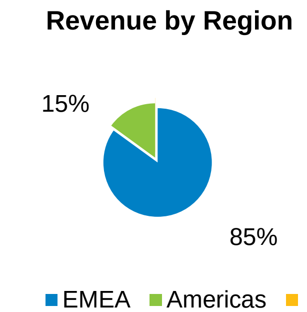
Smartcool sells its products both directly to major customers and through a network of independent distributors.

Distribution sales were $8,265 or 10% of total revenue for the quarter, compared to $71,593 or 57% of total revenue for the third quarter of 2015. Direct sales for the quarter were $73,282 or 90% of total revenue compared to $55,009 or 43% of total revenue for the third quarter of 2015.



Distribution sales for the nine months ended September 30, 2016 were $66,479 or 26% of total revenue, compared to $337,950 or 68% of total revenue for the same period of 2015. Direct sales were $184,418 or 74% to total revenue, compared to $160,173 or 32% of total revenue for the same period of 2015.





Revenue from the Americas for the quarter was $12,271 or 15% of total revenue, compared to $75,722 or 60% of total revenue for the third quarter of 2015. Revenue from the Europe, Middle East, and Africa for the quarter was $69,276 or 85% of total revenue compared to $50,880 or 40% of total revenue for the same quarter of 2015.

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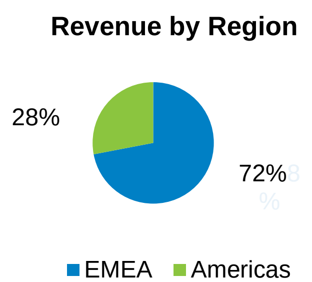

Revenue from the Americas for the nine months ended September 30, 2016 was $69,773 or 28% of total revenue compared to $330,506 or 66% of total revenue for the same period of 2015. Revenue from the Europe, Middle East, and Africa was $181,124 or 72% of total revenue compared to $167,617or 34% of total revenue for same period of the previous year.

Gross profit

Gross profit for the quarter was $67,718 compared to $91,430 for the third quarter of 2015, a decrease of $23,712. Profit margin for the quarter was 83%, compared to 72% for the second quarter of 2015. The quarter’s margin was within the expected range.

Gross profit for the nine months ended September 30, 2016 was $186,847 compared to $405,981 for the third quarter of 2015, a decrease of $219,134. Profit margin for the nine months was 74%, compared to 82% for the same period of 2015.

General and administrative expenses

General and administrative (“G & A”) expenses for the quarter were $269,043, compared to $346,948 for the third quarter of 2015, a decrease of $77,905. The decrease was attributable to reduced consulting fees and travel expenses, partially offset by increase in salaries. Consulting fees for the quarter decreased to $80,873 from $154,180 for the third quarter of 2015, primarily as a result of the termination of service agreements with a couple of US consultants in late 2015. Travel expenses decreased to $15,608 from $27,131, due to fewer activities. Salaries increased to $143,755 from $121,864 as a result of the hiring of a sales manager and a engineer in the UK.

General and administrative ("G & A") expenses for the nine months ended September 30, 2016 were $811,679, compared to $1,156,081 for the same period of 2015, a decrease of $344,402. The decrease was mainly attributable to reduced consulting fees, professional fees and travel expenses. Consulting fees for the period decreased to $243,325 from $481,523 for the same period of 2015. Professional fees decreased to $18,985 from $58,502 and travel expenses decreased to $46,731 from $85,036.

	Three months ended September 30, 2016	Three months ended September 30, 2015
Advertising and promotion	$830	$290
Consulting & management fees	80,873	154,180
Filing and transfer fees	(377)	1,929
Insurance	5,477	9,361
Interest	55	21
Investor relations	1,495	5,124
Product certification	534	1,551
Professional fees	8,354	8,521
Office and supplies	5,625	6,861
Rent	2,105	5,618
Salaries and benefits	143,755	121,864
Telephone	4,710	4,497
Travelling	15,608	27,131
Total general & administrative expenses	**$269,043**	**$346,948**

	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Advertising and promotion	$1,242	$10,165
Bad debts (recoveries)	-	(15,894)
Consulting and management fees	243,325	481,523
Filing and transfer fees	25,755	41,456
Insurance	10,695	14,263
Interest	4,314	272
Investor relations	7,325	25,467
Product certification	3,231	4,594
Professional fees	18,985	58,502
Office and supplies	21,627	32,370
Rent	21,465	38,772
Salaries and benefits	387,167	367,382
Telephone	13,187	12,172
Travelling	46,731	85,036
Total general and administrative expenses	**$811,679**	**$1,156,081**

Total operating expenses for the quarter decreased to $416,805 from $558,082 for the third quarter of 2015, a reflection of reduced business volume combined with lower share-based compensation costs.

Total operating expenses for the nine months ended September 30, 2016 decreased to $1,276,942 from $1,808,113 for the same period of 2015.

Net loss

Net loss for the quarter was $373,180 compared to $469,146 for the third quarter of 2015. . The loss per share (basic and diluted) for the quarter was $0.0027, compared to the loss per share $0.0039 for the third quarter of 2015.

Net loss for the nine months ended September 30, 2016 was $1,088,659, compared to net loss of $1,418,866 for the same period of 2015. The loss per share (basic and diluted) for the period was $0.0084, compared to the loss per share $0.0135 for the same period of 2015.

Loss per share is calculated based on the weighted average number of common shares outstanding throughout the period.

Comprehensive loss

Comprehensive loss for the quarter was $364,266 consisting of net operating loss $373,180 and positive foreign currency translation adjustment $8,914. As the functional currencies of

Smartcool USA and Lenten Street are different from the reporting currency (Canadian dollar), their monetary assets and liabilities as well as non-monetary assets and liabilities in the consolidated financial statements must be translated into the reporting currency based on September 30, 2016 exchange rate under IFRS. This method of foreign currency translation resulted in the above adjustment which is classified as a component of equity.
Comprehensive loss for the third quarter of 2015 was $466,987, consisting of net operating loss $469,146 and positive foreign currency translation adjustment $2,159.

Comprehensive loss for the nine months ended September 30, 2016 was $1,059,493 consisting of net operating loss $1,088,659 and positive foreign currency translation adjustment $29,166.
Comprehensive loss for the same period of 2015 was $1,409,777 consisting of net operating loss $1,418,866 and positive foreign currency translation adjustment $9,089.

Amortization and depreciation

Amortization and depreciation expenses for the quarter were $142,060 compared to $145,763 for the third quarter of 2015. Depreciation of property and equipment was $4,448 (September 30, 2015 - $5,281) and amortization of intangible assets was $137,612 (September 30, 2015 - $140,482).

Amortization and depreciation expenses for the nine months ended September30, 2016 were $426,253 compared to $449,950 for the same period of 2015. Depreciation of property and equipment was $13,417 (September 30, 2015 - $21,166) and amortization of intangible assets was $412,836 (September 30, 2015 - $428,784).

Share-based compensation
Share-based compensation costs for the quarter was $5,702, compared to $64,406 for the third quarter of 2015.

Share-based compensation costs for the nine months ended September 30, 2016 was $36,983, compared to $201,117 for the same period of 2015. A small number of options were granted during the first nine months of 2016 while 8,070,000 options were granted in the same period of 2015.

Capital expenditures

The Company purchased computer equipmet of $1,312 during the quarter. There were no capital expenditures for the same period of 2015.

Liquidity and Capital Resources
As at September 30, 2016, the Company had $22,068 in cash and cash equivalents (December 31, 2015 - $18,478). Working capital deficit at September 30, 2016 was $1,102,648 compared to $824,492 at December 31, 2015.

The Company used net cash flow of $184,532 during the quarter to finance operations and used $188,140 in the third quarter of 2015.

The Company was unable to make debenture and acquisition obligation as scheduled.
As at September 30, 2016, these scheduled payments included debenture obligations totaling $273,227 and acquisition obligations totaling $208,242 (£122,000)

To ensure that Smartcool continues to be a going concern with adequate working capital in the next 12 months, the Company completed two private placements in June and September 2016 raising additional capital of $455,000. Significant growth in revenue as a result of the licensing of Connected Holdings is expected.

The timing of future payments related to financial liabilities is outlined in the table below:

	Total	**1 year**	**1-2 years**
Trade payables and accruals	$683,882	$683,882	$-
Short-term loans	403,560	403,560	-
Debentures	273,227	273,227	-
Obligations under acquisition contracts	334,208	266,687	67,521
Total	**$1,694,877**	**$1,627,356**	**$67,521**

Outstanding Share Data

The authorized share capital of the Company is an unlimited number of common shares without par value. As at September 30, 2016 the Company had 140,842,737 (December 31, 2015 – 122,097,737) common shares outstanding. The weighted average number of common shares outstanding for the quarter was 135,848,172 (September 30, 2015 - 119,427,737).

As at November 28, 2016 the outstanding shares are 140,842,737 and fully diluted are 198,632,737

Warrants and Stock Options

As at September 30, 2016, there were 45,845,000 (December 31, 2015 – 28,800,546) share purchase warrants and 12,220,000 (December 31, 2015 – 12,415,000) stock options outstanding which collectively could result in the issuance of 58,065,000 common shares if these warrants and stock options are exercised. The outstanding options have a weighted average exercise price of $0.05. The outstanding warrants have weighted average exercise price of $0.07.

As at September 30, 2016 there were 11,140,000 (December 31, 2015 - 8, 630, 00) exercisable options with a weighted average exercise price of $0.05 (December 31, 2015 - $0.06). During the quarter no options were granted.

As at November 28, 2016, there are 45,845,000 outstanding warrants and 11,945,000 outstanding options. The outstanding options have weighted average exercise price of $0.05.

Intangible Assets

a. *ESM™ Intellectual Property and worldwide distribution rights*

The Company acquired intangible assets in relation to the acquisition of Abbotly Technologies Inc. in March 2006.

During the year ended December 31, 2014, management performed a review of the carrying value of these assets. As discrepancies between revenue projections and actual operating results in 2014 resulted in significant uncertainty in future cash generation of these assets, an impairment loss of $175,313 was recorded based on cash flow projections as at December 31, 2014.

b. *Distribution Rights from TECC Services*

In July 2008, the Company acquired the exclusive rights to distribute the ESM™ in the United Kingdom, Spain, Portugal, and the Middle East from T.E.C.C. Services Ltd. (“TECC”) (note 7).

c. *Intangible Assets from Smartcool UK*

In February 2011, the Company acquired intangible assets in relation to the acquisition of Smartcool UK. These intangible assets include the distribution rights of the ESM™ in the United Kingdom, the distribution right related to sales to a major customer and a customer relationship.

During the year ended December 31, 2014, management performed a review of the carrying value of these assets. As discrepancies between revenue projections and actual operating results in 2014 resulted in significant uncertainty in future cash generation of these assets, an impairment loss of $528,716 ($344,251 for distribution rights and $184,465 for a customer relationship) was recorded based on cash flow projections as at December 31, 2014.

d. *SmartACR Intellectual Property and Customer Relationship*

In February 2015, the Company acquired $25,000 of intangible assets in relation to the termination of a license agreement (note 12). These intangible assets include intellectual property ($25,000) and a customer relationship ($Nil).

Critical Accounting Policies & Estimates

Revenue Recognition

Revenue from the sale and installation of the ESMTM and ECO3TM is recognized when the ESMTM and ECO3TM have been installed, significant risks and rewards of ownership of the equipment have been transferred to the customer, the Company does not retain continuing managerial involvement or effective control over the equipment, the sales price can be determined and collection is probable, and the cost of the transaction can be measured reliably.

Revenue from the international distribution of the ESMTM and ECO3TM is recognized when the equipment has been shipped, title has been transferred, the sales price has been determined and the cost of the equipment can be measured reliably. Revenue is also recognized when equipment has been ordered and laid away as instructed by the customer, the sales price has been determined and a significant portion of it has been paid. Provisions are established for estimated warranty costs at the time revenue is recognized. The Company records deferred revenue when cash is received in advance of the above revenue recognition criteria being met.

Share-based Payments

The fair value of all stock options granted to employees is determined using the Black-Scholes Option Pricing Model, and the resulting value is charged to operations over the vesting period. Volatility rate is determined based on the trading history of the Company's shares for the relevant period and interest rate is based on Canadian bond rates.

The fair value of options granted to non-employees is determined using the fair value of the goods or services received. The resulting value is charged to operations when a performance commitment is made or the options are fully vested and non-forfeitable, whichever is earliest, and the expense is recognized over the period in which the goods or services from the non-employees are received. To estimate the fair value of options granted to non-employees, management considers primarily the fees management would be willing to pay in cash for the service if no options were granted.

A corresponding increase in equity, the reserve for equity settled share-based transactions, is recorded when stock options are expensed. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion previously recorded in the reserve is reversed. At the time of grant, the expense is determined based on estimated forfeiture rate. The expense will be adjusted to recognize the effect of actual forfeitures as they occur. The fair value of warrants issued to agents for their finder's fee is based on the fair value of the services provided and charged to share issuance costs.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Intangible assets

Intangible assets are recorded at cost and include the ESM™ brand, ESM™ intellectual property, distribution rights, distribution agreements, supplier agreements and customer relationships. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The ESM™ brand has been determined to have an indefinite life and is not amortized. The remaining intangible assets with finite lives are amortized on a straight-line basis. The useful lives of the intangible assets have been assessed as follows:

Intellectual property - ESM™	13.5 years
Intellectual property - SmartACR	10 years
Distribution rights - North American	10 years
Distribution rights - TECC and United Kingdom	9.5 - 12 years
Distribution agreements	13.5 - 15 years
Supplier agreements	13.5 years
Customer relationship	12 years

Residual value and estimated useful lives are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Use of estimates and judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. It also requires management to exercise judgement in applying the Company's accounting policies. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Allowance for doubtful accounts – as at December 31, 2015, approximately $186,000 in trade receivables was outstanding for more than 120 days. This balance is primarily receivable from one customer. It is management's opinion, based on an assessment of the customer's business, the payment plan in place and payment received subsequent to year end that this balance will be received in full.

Critical judgments in applying the Company's accounting policies relate to, but are not limited to, the following:

- Useful lives of intangible assets with finite lives – the determination that there are no indicators suggesting that the useful lives and/or that the method of calculating amortization require revision;

- Unlimited life of the ESM brand – the determination that useful life of the ESM brand remains unlimited;
- Impairment of intangible assets – the determination that there are no indicators of impairment indicating that the carrying amount exceeds the recoverable amount;
- Analysis of the functional currency for each entity of the Company; and
- Ability to continue as a going concern – the determination that the Company will continue as a going concern for the next year.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements that would require disclosure.

Forward-looking statements

This MD&A contains forward-looking information and statements regarding the future results of operations and marketing activities. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “anticipate”, “plan”, “foresee”, “believe” or similar terminology. Although these forward-looking statements are based on what management believes to be current and reasonable assumptions, they involve known and unknown risks, uncertainties and other factors that may cause the actual results and performance to differ materially from those stated, anticipated, or implied in these forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information as no assurances can be given to future results, performances, or achievements.

The forward-looking statements included in this MD&A speak only as of the date of this document. The Company does not undertake any obligation to publicly update or revise any of these forward-looking statements to reflect events or circumstances after this date except when required by applicable legislation.

Additional Information

Additional information relating to the Company, including the Company’s latest Annual Financial Statements and news releases can be located on the Company’s website at www.smartcool.net or on the SEDAR website at www.sedar.com.