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Mr. Ted Konyi reports

SMARTCOOL'S PROVEN TECHNOLOGIES LOWERS ENERGY CONSUMPTION AND COSTS FOR CRYPTOCURRENCY, BLOCKCHAIN & CANNABIS GROWERS

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The use of blockchain for cryptocurrencies and other applications has created a tremendous surge in computing requirements. The two primary elements of energy consumption for data processors is the energy to run the servers/computers and HVAC (heating, ventilation and air conditioning) systems to keep them from overheating. Cooling is estimated to represent about 40 per cent of the total energy costs associated with running the facility.

Nomura (an Asia-headquartered global investment bank) noted that power used to mine bitcoin is estimated at 33.2 terawatt-hours. According to the index, the amount of energy consumed

by mining bitcoin surged about 26 per cent in November alone, and now totals nearly 36 terawatt-hours, enough energy to power about 3.3 million homes.

The website Digiconomist claims that bitcoin operations use as much energy as Denmark, or enough to power 3,071,823 United States households.

Ted Konyi, chief executive officer, said: *“It has become clear that blockchain is being successfully used to enhance security, with the first application being cryptocurrency. The use of blockchain requires a tremendous amount of computational power driving electrical consumption. Smartcool can significantly affect the energy consumption for keeping the computers cool. As such, it can benefit the consumers financially and improve their environmental footprint. The cannabis industry is also booming, and again Smartcool can provide a significant impact. Cooling represents a very large portion of overall costs given the heat that grow lights generate. Smartcool’s technology has proven to reduce A/C (air conditioning) costs and could reduce growers’ energy costs and carbon footprint.”*

Cannabis growing might look and smell natural, but its ecological footprint is anything but green. Pot growing is very power hungry. The cannabis industry is one of the nation’s most energy intensive, often demanding 24-hour indoor lighting rigs, heating, ventilation and air-conditioning systems at multiplying grow sites. HVAC averages between 30 per cent and 50 per cent of total energy costs, depending on seasonal temperatures.

A 2015 U.S. report stated that cannabis was the fastest-growing industry in the United States. The industry in the United States is expected to grow from \$2-billion in 2014 to as much as \$10-billion in 2018, depending on legalisation outcomes.

On July 1, 2018, Canada is set to become the second country to legalize adult-use of marijuana with Bill C-45. As of December, 2017, there are 79 licensed marijuana producers in Canada with most concentrated in Ontario and British Columbia. According to Deloitte, the base retail market is valued at \$4.9-billion to \$8.7-billion annually.

About Smartcool Systems Inc.

Smartcool provides cutting-edge energy efficient and energy cost-reduction solutions for businesses around the world. The EC03 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 per cent, giving a return on investment in as little as 12 months.

We seek Safe Harbor.