

Gallagher Security Corp. Announces Debt Settlement

March 12, 2020 – Kelowna, B.C., Canada – Gallagher Security Corp. (“Gallagher” or the “Company”) (CSE:GLL), announces that it entered into a debt settlement agreement (the “Agreement”) with a non-arm’s length creditor of the Company, RD Capital Inc. (the “Creditor”), a company controlled by Devinder Randhawa, a director of the Company, to settle \$153,262 of debt in consideration for the issuance of 3,065,240 shares (the “Shares”) at a deemed price of \$0.05 per Share (the “Debt Settlement”). The debt was for unpaid remuneration for services.

The Debt Settlement constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) as the Shares were issued to an insider of the Company. The issuance of Shares are exempt from the formal valuation and minority shareholder approval requirements under MI 61-101 pursuant to subsections 5.5(b) and 5.7(1)(a) as the Company’s common shares are not listed on a specified market and the fair market value of the Shares did not exceed 25% of the Company’s market capitalization.

The Company did not file a material change report in respect of the Debt Settlement at least 21 days before the closing of the Debt Settlement, which the Company deems reasonable in the circumstances as the Company wishes to improve its financial position by reducing its liabilities.

All Shares will be subject to a statutory four month hold period.

Prior to the Debt Settlement, the Creditor had beneficial ownership and control of 1,940,582 common shares of the Company, representing approximately 20.58% of the Company’s issued and outstanding common shares as of such time. Following the completion of the Debt Settlement, the Creditor now has beneficial ownership and control of an aggregate of 5,005,822 common shares, representing approximately 40.06% of the 12,496,758 issued and outstanding common shares of the Company, resulting in an increase by 19.48%.

The Shares acquired by the Creditor are held for investment purposes. The Creditor will review its investment in the Company’s securities on a continuing basis and such holdings may be increased or decreased in the future. The Creditor may in the future acquire or dispose of securities of the Company, through the open market, privately or otherwise, as circumstances or market conditions dictate.

The Creditor has filed an early warning report pursuant to National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* describing the above transactions with applicable securities regulatory authorities, a copy of which is available on SEDAR at www.sedar.com.

For further information, please contact:

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