

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this document. Any representation to the contrary is an offence. This offering may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this investment decision, you should seek the advice of a registered dealer.

OFFERING DOCUMENT UNDER THE LISTED ISSUER FINANCING EXEMPTION

New Issue

July 7, 2023

GALLAGHER SECURITY CORP.

Up to \$1,500,000

21,428,571

SUMMARY OF OFFERING

What are we offering?

Through this offering document under the listed issuer financing exemption (this “**Offering Document**”) of Gallagher Security Corp. (the “**Company**”, “**we**” or “**our**”), we are offering up to 21,428,571 units (“**Units**”) of the Company (the “**Offering**”) at a price of \$0.07 per Unit. Each Unit will consist of one common share of the Company (a “**Common Share**”) and one Common Share purchase warrant of the Company (a “**Warrant**”). Each Warrant will entitle the holder thereof to acquire one Common Share (a “**Warrant Share**”) at an exercise price of \$0.11 per Warrant Share for a period of 24 months following the Closing Date (as defined below).

The Offering will be subject to a minimum distribution of 10,714,286 Units and will not exceed 21,428,571 Units.

It is expected that the completion of the sale of the Units pursuant to the Offering (hereinafter referred to as the “**Offered Securities**”) will take place on or about July 28, 2023, or such other date as determined by the Company (the “**Closing Date**”).

The outstanding Common Shares are listed and posted for trading on the Canadian Securities Exchange (the “**CSE**”) under the symbol “**GLL**”. On July 6, 2023, the last trading day completed prior to the date of this Offering Document, the closing price of the Common Shares on the CSE was \$0.095. All references in this Offering Document to “dollars”, “**C\$**” or “**\$**” are to Canadian dollars, unless otherwise stated.

Gallagher Security Corp. is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 – Prospectus Exemptions. In connection with the Offering, the Company represents the following is true:

- **The Company has active operations and its principal asset is not cash, cash equivalents or its exchange listing.**
- **The Company has filed all periodic and timely disclosure documents that it is required to have filed.**
- **The total dollar amount of the Offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this Offering Document, will not exceed \$5,000,000.**
- **The Company will not close the Offering unless the issuer reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.**
- **The Company will not allocate the available funds from the Offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the issuer seeks security holder approval.**

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Document contains "forward-looking information" within the meaning of applicable securities laws (collectively, “forward-looking statements”). Forward-looking statements are not comprised of historical facts. Forward-looking statements include estimates and statements that describe the Company’s future plans, objectives or

goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as “believes”, “anticipates”, “expects”, “estimates”, “may”, “could”, “would”, “will”, “plan” or variations of such words and phrases. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these forward-looking statements are based on information currently available to the Company, the Company provides no assurances that actual results will meet management’s expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements.

Forward-looking information in this Offering Document includes, but is not limited to, statements that: the Company’s future plans, objectives, strategies and goals relating to its business, technology and products; the Company’s ability to maintain and enhance its competitive advantages within its industry and in certain markets; future trends, expectations, opportunities, challenges, and growth in the Company’s industry; the amount to be raised and the closing of the Private Placement; the use of proceeds of the Offering; and the Company’s belief that the Company’s current cash and short-term investments together with anticipated cash flow from operations will be sufficient to meet the Company’s working capital requirements and capital expenditure requirements for the foreseeable future.

Factors that could cause actual results to differ materially from such forward-looking statements include, but are not limited to, those risks and uncertainties identified in public filings made by the Company with applicable Canadian Securities regulatory authorities, and the following: failure to successfully obtain regulatory approvals as applicable; failure to successfully acquire Woodlands.ai from Carbonethic (as such terms are defined below); the Company’s inability to raise additional capital for project activities, including through equity financings, or otherwise; changes in equity markets; uncertainties relating to the availability and costs of financing needed in the future; the inability of the Company to budget and manage its liquidity in light of the failure to obtain additional financing; inflation; changes in exchange rates; and delays in the development of projects. Although the Company believes that the assumptions and factors used in preparing the forward-looking statements in this Offering Document are reasonable, undue reliance should not be placed on such statements or information, which only applies as of the date of this Offering Document, and no assurance can be given that such events will occur in the disclosed time frames or at all, including as to whether or when the Company will achieve its initiatives, or as to the actual size or terms of those initiatives. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

SUMMARY DESCRIPTION OF BUSINESS

What is our business?

The Company was incorporated under the provincial laws of British Columbia, Canada, on June 30, 2005. The Company is currently pursuing opportunities in the Carbon Credits sector with High Bar First Nations (“**High Bar**”) and Treelab Carbon Technologies Inc. (“**TreeLab**”). High Bar and TreeLab will work together to plant new trees on indigenous lands located in the Fraser Canyon/Cariboo region in British Columbia for the purpose of carbon sequestration.

Recent developments

On July 5, 2023, the Company announced that it had entered into a term sheet with Carbonethic Holding Inc. (“**Carbonethic**”) to acquire certain generative artificial intelligence intellectual property assets (“**Woodlands.ai**”) from Carbonethic for cash consideration and certain contingent payments.

On May 17, 2022 (the “**Effective Date**”), the Company entered into an option agreement with TreeLab to purchase all the issued and outstanding shares of TreeLab. To exercise the option, the Company must:

- Pay \$50,000 to TreeLab (paid) on the Effective Date, and
- Issue Common Shares equal to \$2,500,000 CDN based on a 5-day volume weighted average price of the Common Shares within three years of the Effective Date. Upon exercise of the option, TreeLab will become a wholly owned subsidiary of the Company. The CEO of the Company is a 50% shareholder of TreeLab.

Material facts

There are no material facts about the Offered Securities that have not been disclosed in this Offering Document or in any other document filed by the Company in the 12 months preceding the date of this Offering Document and the date that the Company’s most recent audited annual financial statements were filed.

What are the business objectives that we expect to accomplish using the available funds?

The business objective that the Company expects to accomplish using the net proceeds of the Offering, together with existing cash and cash equivalents, is the development of Woodlands.ai that it proposes to acquire from Carbonethic.

There are no significant events which must occur in order to accomplish this business objective.

USE OF AVAILABLE FUNDS

What will our available funds be upon the closing of the Offering?

Based on the Company’s existing working capital of approximately -\$558,129 as at June 30, 2023, the Company’s expected available funds following closing of the Offering will be approximately \$1,361,871 (assuming 100% of the Offering amount). Working capital continued to decrease since 2022 audited financials due to no income and general corporate overhead expenses.

| | | Assuming 100% of the Offering |
|----------|--|--------------------------------------|
| A | Amount to be raised by the Offering | \$1,500,000 |
| B | Selling commissions and fees | \$Nil |
| C | Estimated offering costs (e.g., legal, accounting, audit) | \$80,000 |
| D | Net proceeds of offering: D = A - (B+C) | \$1,420,000 |
| E | Working capital as at most recent month end | (\$558,129) |
| F | Additional sources of funding | \$500,000 |
| G | Total available funds: G = D+E+F | \$1,361,871 |

How will we use the available funds?

| Description of intended use of available funds listed in order of priority | Assuming 100% of the Offering |
|---|--------------------------------------|
| Cash Consideration per LOI | \$100,000 |
| Development of Woodlands.ai | \$600,000 |
| Beta Testing | \$350,000 |
| General Working Capital ⁽¹⁾ | \$250,000 |
| Total: | \$1,300,000 |

Note:

- (1) Funds included in general working capital may be allocated to corporate expenses, marketing, investor relations activities, business development and to other activities.

The above noted allocation represents the Company's current intentions with respect to its use of available funds based on current knowledge, planning and expectations of management of the Company, and actual use of funds may differ from the estimates set forth above. The Company will reallocate funds only for sound business reasons.

- (i) describe the timing and stage of research and development that management anticipates will be reached using the funds;
 - Answer: 4 to 6 months for a beta model.
- (ii) describe the major components of the proposed programs the Company will use the available funds for, including an estimate of anticipated costs;

- Answer: The major components will be labor for the technicians to build out models. Costs will be \$950,000 for the development and beta testing. Estimate \$850,000 will be for labor and \$100,000 for materials.
- (iii) state if the Company is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods; and
 - Answer: Using a combination of both methods.
- (iv) describe the additional steps required to reach commercial production and an estimate of costs and timing.]
 - Answer: After the beta model is developed, it will be tested and researched. Those results will determine what changes need to be made to get it to commercial use.

How have we used the other funds we have raised in the past 12 months?

| <u>Previous Financings</u> | <u>Intended Use of Funds</u> | <u>Use of Funds to Date</u> | <u>Variance and Impact of on Business Objectives and Milestones</u> |
|--|---|----------------------------------|---|
| June 16, 2023: Non-brokered private placement of up to 10,000,000 units of the Company at \$0.05 per unit for aggregate gross proceeds of up to \$500,000. | The Company intended to use the proceeds to target generative AI technologies related to the remote monitoring and validation of carbon offsets derived from improved forest management practices; and build the world's first SMART forests. | None have been occurred to date. | The Company has progressed its business objectives as intended. |

FEES AND COMMISSIONS

Who are the dealers or finders that we have engaged in connection with the Offering, if any, and what are their fees?

The Company has not engaged any registered dealers or finders, nor will any party receive compensation in connection with the Offering.

PURCHASERS' RIGHTS

Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Document, you have a right

- a) to rescind your purchase of these securities with the Company, or
- b) to damages against the Company and may, in certain jurisdictions, have a statutory right to damages from other persons.

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.

You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.

ADDITIONAL INFORMATION

Where can you find more information about us?

Security holders can access the Company's continuous disclosure at www.sedar.com and may find additional information at our website www.gallaghersecurity.ca.

Please refer to Appendix "A" – "Acknowledgements, Covenants, Representations and Warranties of the Purchaser" and Appendix "B" – "Indirect Collection of Personal Information" attached hereto.

Purchasers should read this Offering Document and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment of the Offered Securities.

[Remainder of page intentionally left blank.]

APPENDIX A
ACKNOWLEDGEMENTS, COVENANTS, REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

Each purchaser of the Offered Securities (the “**Purchaser**”) makes, and is deemed to make, the following acknowledgements, covenants, representations and warranties to the Company, as at the date hereof, and as of the closing date which will take place on or about July 28, 2023:

- a) the Purchaser is resident in the jurisdiction disclosed to the Company and the Purchaser was solicited to purchase in such jurisdiction;
- b) the Purchaser has not received, nor has the Purchaser requested, nor does the Purchaser have any need to receive, any prospectus, sales or advertising literature, offering memorandum or any other document (other than an annual or interim report, financial statements or any other document, other than an offering memorandum, the content of which is prescribed by statute or regulation) describing or purporting to describe the business and affairs of the Company which has been prepared for delivery to, and review by, prospective purchasers in order to assist them in making an investment decision in respect of the purchase of the Offered Securities pursuant to the Offering;
- c) the Purchaser has relied only upon publicly available information relating to the Company and not upon any verbal or written representation as to fact, and the Purchaser acknowledges that the Company has not made any written representations, warranties or covenants in respect of such publicly available information except as set forth in this Offering Document. Without limiting the generality of the foregoing, except as may be provided herein, no person has made any written or oral representation to the Purchaser that any person will re- sell or re-purchase the Offered Securities or refund any of the purchase price of the Offered Securities, or that the Offered Securities will be listed on any exchange or quoted on any quotation and trade reporting system, or that application has been or will be made to list any such security on any exchange or quote the security on any quotation and trade reporting system, and no person has given any undertaking to the Purchaser relating to the future value or price of the Offered Securities;
- d) legal counsel retained by the Company is acting as counsel to the Company and not as counsel to the Purchaser and the Purchaser may not rely upon such counsel. The Purchaser should obtain independent legal and tax advice as it considers appropriate in connection with the performance of this Offering Document and the transactions contemplated under this Offering Document, and that the Purchaser is not relying on legal or tax advice provided by the Company or its counsel;
- e) the Purchaser acknowledges that:
 - i. no securities commission or similar regulatory authority has reviewed or passed on the merits of the Offering;
 - ii. there is no government or other insurance covering the Offering; and
 - iii. there are risks associated with the purchase of the Offering;
- f) the Company has advised the Purchaser that the Company is relying on an exemption from the requirements to provide the Purchaser with a prospectus and to sell the Offered Securities through a person or company registered to sell securities under applicable securities laws and, as a consequence of acquiring the Offered Securities pursuant to this exemption, certain protections, rights and remedies provided by the applicable securities laws, including statutory rights of rescission or damages, will not be available to the Purchaser and the Purchaser may not receive information that would otherwise be required to be given;
- g) the Purchaser either (A) is not an “insider” of the Company or a “registrant” (each as defined under applicable securities laws of British Columbia) or (B) has identified itself to the Company as either an “insider” or a “registrant” (each as defined under applicable securities laws of British Columbia);
- h) if the Purchaser is:
 - i. a corporation, the Purchaser is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to subscribe for the Offered Securities pursuant to the terms set out in this Offering Document;
 - ii. a partnership, syndicate or other form of unincorporated organization, the Purchaser has the necessary legal capacity and authority to subscribe for the Offered Securities pursuant to the terms set out in this Offering Document and has obtained all necessary approvals in respect thereof; or

- iii. an individual, the Purchaser is of the full age of majority and is legally competent to subscribe for the Offered Securities pursuant to the terms set out in this Offering Document;
- i) the subscription for the Offered Securities and the completion of the transactions described herein by the Purchaser will not result in any material breach of, or be in conflict with or constitute a material default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a material default under any term or provision of the constating documents, bylaws or resolutions of the Purchaser if the Purchaser is not an individual, the applicable securities laws or any other laws applicable to the Purchaser, any agreement to which the Purchaser is a party, or any judgment, decree, order, statute, rule or regulation applicable to the Purchaser;
 - j) the Purchaser is not purchasing the Offered Securities with knowledge of any material fact or material change about the Company that has not been generally disclosed and the decision of the Purchaser, to acquire Offered Securities has not been made as a result of any oral or written representation as to fact or otherwise made by, or on behalf of, the Company or any other person and is based entirely upon the Offering Document;
 - k) the Purchaser is aware that the Offered 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 the securities laws of any state of the United States and that the Offered Securities may not be offered, sold or otherwise disposed of, directly or indirectly, in the United States, any state or territory of the United States or the District of Columbia, without registration under the U.S. Securities Act and all applicable state securities laws or compliance with the requirements of an exemption from such registration and it acknowledges that the Company has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of the sale or resale of the Offered Securities;
 - l) the funds representing the aggregate subscription funds which will be advanced by the Purchaser to the Company hereunder, as applicable, will not represent proceeds of crime for the purposes of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (the “PCMLTFA”) or for the purposes of the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, as may be amended from time to time (the “PATRIOT Act”) and the Purchaser acknowledges that the Company may in the future be required by law to disclose the Purchaser’s name and other information relating to the Purchaser’s subscription of the Offered Securities, on a confidential basis, pursuant to the PCMLTFA and the PATRIOT Act, and that, to the best of its knowledge: (i) none of the subscription funds to be provided by the Purchaser (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States or any other jurisdiction; or (B) are being tendered on behalf of a person who has not been identified to the Purchaser; and (ii) it will promptly notify the Company if the Purchaser discovers that any of such representations ceases to be true, and to provide the Company with appropriate information in connection therewith;
 - m) neither the Company nor any of its respective directors, employees, officers, affiliates or agents has made any written or oral representations to the Purchaser: (i) that any person will resell or repurchase the Offered Securities; (ii) that any person will refund all or any part of the purchase price of the Offered Securities acquired by the Purchaser; or (iii) as to the future price or value of the Offered Securities;
 - n) if required by applicable securities laws or the Company, the Purchaser will execute, deliver and file or assist the Company in filing such reports, undertakings and other documents with respect to the issue and/or sale of the Offered Securities as may be required by any securities commission, stock exchange or other regulatory authority;
 - o) the Purchaser has obtained all necessary consents and authorities to enable it to agree to subscribe for the Offered Securities pursuant to the terms set out in this Offering Document and the Purchaser has otherwise observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in any territory in connection with the purchase of the Offered Securities and the Purchaser has not taken any action which will or may result in the Company acting in breach of any regulatory or legal requirements of any territory in connection with the Offering or the Purchaser’s subscription;
 - p) the Purchaser is purchasing the Offered Securities for investment purposes only and not with a view to resale or distribution; and
 - q) the Purchaser acknowledges that certain fees and commissions may be payable by the Company in connection with the Offering.

APPENDIX “B”
INDIRECT COLLECTION OF PERSONAL INFORMATION

Indirect Collection of Personal Information

By purchasing the Offered Securities, the Purchaser acknowledges that the Company and its respective agents and advisers may each collect, use and disclose the Purchaser’s name and other specified personally identifiable information (including his, her or its name, jurisdiction of residence, address, telephone number, email address and aggregate value of the Offered Securities that it has purchased) (the “**Information**”), for purposes of (i) meeting legal, regulatory, stock exchange and audit requirements and as otherwise permitted or required by law or regulation, and (ii) issuing ownership statements issued under a direct registration system or other electronic book-entry system, or certificates that may be issued, as applicable, representing the Offered Securities to be issued to the Purchaser. The Information may also be disclosed by the Company to: (i) stock exchanges, (ii) revenue or taxing authorities and (iii) any of the other parties involved in the Offering, including legal counsel, and may be included in record books in connection with the Offering. The Purchaser is deemed to be consenting to the disclosure of the Information.

By purchasing the Offered Securities the Purchaser acknowledges (A) that Information concerning the Purchaser will be disclosed to the relevant Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the Purchaser consents to the disclosure of the Information; (B) the Information is being collected indirectly by the applicable Canadian securities regulatory authorities under the authority granted to them in securities legislation; and (C) the Information is being collected for the purposes of the administration and enforcement of the applicable Canadian securities legislation; and by purchasing the Offered Securities, the Purchaser shall be deemed to have authorized such indirect collection of personal information by the relevant Canadian securities regulatory authorities.

The Purchaser may contact the following public official in the applicable province with respect to questions about the commission’s indirect collection of such Information at the following address, telephone number and email address (if any):

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: 403-297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: 403-297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: 604-899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: 604-899-6581
[Email: FOI-privacy@bcsc.bc.ca](mailto:FOI-privacy@bcsc.bc.ca)
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: 204-945-2561
Toll free in Manitoba: 1-800-655-5244
Facsimile: 204-945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: 506-658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: 506-658-3059
[Email: info@fcnb.ca](mailto:info@fcnb.ca)
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

**Government of Newfoundland and Labrador
Financial Services Regulation Division**
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John’s, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: 709-729-4189
Facsimile: 709-729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: 902-424-7768
Facsimile: 902-424-4625
Public official contact regarding indirect collection of information: Executive Director

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: 416-593-8314
Toll free in Canada: 1-877-785-1555
Facsimile: 416-593-8122
[Email: exemptmarketfilings@osc.gov.on.ca](mailto:exemptmarketfilings@osc.gov.on.ca)
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: 902-368-4569
Facsimile: 902-368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: 306-787-5842
Facsimile: 306-787-5899
Public official contact regarding indirect collection of information: Director

Autorité des Marchés Financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: 514 395-0337 or 1 877 525-0337
Facsimile: 514 864-6381
Public official contact regarding indirect collection of information: Secrétaire générale

CERTIFICATE OF THE COMPANY

July 7, 2023

This Offering Document, together with any document filed under Canadian securities legislation on or after July 7, 2022, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.

(Signed) "Devinder Randhawa"
President and Chief Executive
Officer

(Signed) "Ryan Cheung"
Chief Financial Officer