

**Form 51-102F3
Material Change Report**

Item 1 Name and Address of Company

GALLAGHER SECURITY CORP.
(the "Company")
750 - 1620 Dickson Ave
Kelowna, BC V1Y 9Y2

Item 2 - Date of Material Change

July 6, 2023

Item 3 News Release

A news release was issued and disseminated on July 6,2023, and filed on SEDAR (www.sedar.com). and with the TSX.

Item 4 Summary of Material Change

Gallagher Security Corp. Issued 10,000,000 Units through an unbrokered private placement. Each unit consists of one common share and one Share purchase warrant at a cost of \$0.05 each for aggregate proceeds of \$500,000.

Item 5 Full Description of Material Change

See attached press release "Schedule A"

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

The following senior officer of the Company is knowledgeable about the material change and this report:

Ryan Cheung, CFO
For further information, please contact:
Jamie Bannerman
Phone: 1-778-484-8028

Item 9 Date of Report

July 10, 2023

SCHEDULE "A"

GALLAGHER CLOSSES \$500,000 PRIVATE PLACEMENT

News Release - Kelowna, British Columbia – July 6 ,2023 Gallagher Security Corp. (the "**Company**") (CSE: GLL) is pleased to announce that it has closed its \$500,000 non-brokered private placement (the "**Offering**") announced June 16, 2023. The placement was comprised of 10,000,000 Units of the Company (the "**Units**") issued at a price of \$0.05 for aggregate gross proceeds of \$500,000. Each unit consists of one common share (each a "**Common Share**") and one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant entitles the holder thereof to acquire one Common Share at the price of \$0.06 per share for a period of 36 months from closing. The Common Shares and Warrants, and any Common Shares issuable upon the exercise of the Warrants, issued statutory hold period of 4 months from closing.

The Company will pay Finders fees in connection with subscriptions from subscribers introduced to the Offering.

The Company intends to use the net proceeds from the Offering to fund the ("**Carbonethic**") LOI to acquire certain generative artificial intelligence intellectual property assets ("**Woodlands.ai**") from Carbonethic for cash consideration and certain contingent payments.

The Units and underlying securities to be issued under the Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States or to U.S. Persons absent registration or an applicable exemption from registration. This press release is not an offer or a solicitation of an offer of securities for sale in the United States, nor will there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Gallagher Security Corp.

As previously announced, the Company is pursuing opportunities in the Carbon Credits sector with High Bar First Nations and Treelab Carbon Technologies. High Bar and Treelab will work together to plant new trees on indigenous lands located in the Fraser Canyon/Cariboo region in

B.C. for the purpose of carbon sequestration. The Company intends to invest in the development of Woodlands.ai and use the product to support its initiatives with High Bar and Treelab.

Further Information

Further details regarding the proposed transaction and the resulting entity will be provided in a comprehensive news release if, and when, the parties enter into a definitive agreement.

The definitive agreement will incorporate the principal terms of the proposed transaction described in the LOI, and in addition, such other terms and provisions of a more detailed structure and nature as the parties may agree upon after receiving further tax, legal and financial advice from their respective advisors.

ON BEHALF OF THE BOARD

"Dev Randhawa"

Dev Randhawa, CEO

The CSE does not accept responsibility for the adequacy or accuracy of this news release.

Cautionary Statement Regarding Forward Looking Information

This news release may contain forward-looking statements or information including but not limited to comments regarding the potential signing of the definitive agreement, the closing of the Private Placement and use of proceeds, statements about MyCelium and its intentions, and other matters. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements and the Company undertakes no obligation to update such statements, except as required by law.

There can be no assurance that the potential transaction with MyCelium will be completed.

All information in this news release concerning MyCelium has been provided for inclusion herein by MyCelium. Although the Company has no knowledge that would indicate that any information contained herein concerning MyCelium is untrue or incomplete, the Company assumes no responsibility for the accuracy or completeness of any such information. Investors are cautioned that, except as disclosed in a listing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates, including that: general business and economic conditions will not change in a material adverse manner; and financing will be available if and when needed on reasonable terms. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved), and variations of such words, and similar expressions are not statements of historical fact and may be forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including: that the Company may not be able to raise additional funds when necessary; fluctuations in currency exchange rates; the impact of Covid-19 or other viruses and diseases on the Company’s ability to operate and complete transactions; failure of counterparties to perform their contractual obligations; failure to obtain regulatory and stock exchange approvals; and other risks and uncertainties listed in the Company’s public filings. These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should not place undue reliance on forward-looking statements and information, which are qualified in their entirety by this cautionary statement. There can be no assurance that forward-looking information, or the material factors or assumptions used to develop such forward looking information, will prove to be accurate. The Company does not undertake any obligations to release publicly any revisions for updating any voluntary forward-looking statements, except as required by applicable securities law.