

GALLAGHER SECURITY CORP. ENTERS INTO BINDING LETTER OF INTENT WITH MYCELIUM WAREHOUSE LTD.

Kelowna, British Columbia, February 23, 2021 – Gallagher Security Corp. (CSE: GLL) (“**GLL**” or the “**Company**”) is pleased to announce that it has entered into a letter of intent (the “**LOI**”) with MyCeliium Warehouse Ltd. (“**MyCeliium**”) regarding a proposed transaction to acquire up to all of the issued and outstanding securities of MyCeliium (the “**Transaction**”). The Transaction is an arm’s length transaction and will, if completed, constitute a “Fundamental Change” pursuant to the policies of the Canadian Securities Exchange (the “**Exchange**”). The Company will have until May 31, 2021 to conduct due diligence on MyCeliium, with a view to negotiating the terms of a definitive agreement (the “**Definitive Agreement**”) in order to complete the Transaction.

About MyCeliium

MyCeliium is positioned to be a leading supplier of the total infrastructure requirements and services to individuals and companies looking for the ‘Home Depot’ of the thriving Medical and Recreational Mushroom sector. MyCeliium has created a series of patentable products and processes that offer an extensive array of turnkey engineered solutions for mushroom cultivation and harvest, from sterilizers, grains, and soil, to laboratory equipment and storage, and can provide advisory services from an accomplished Mycologist.

MyCeliium intends to develop its first retail location and warehouse in the second quarter of 2021. By late March 2021, the company’s commercial website will be launched. The warehouse facility will showcase a first of its kind engineered turnkey solution for growing mushrooms on a commercial scale. MyCeliium has end-to-end solutions for mushroom enthusiasts and those commercial operators looking to produce at scale. The ability of MyCeliium to provide turnkey solutions for all things mushroom from the ingredients, equipment to the hygienic environment at all different scales allows it to provide cost effective solutions while maintaining healthy margins. The ability of MyCeliium to provide turnkey solutions for all things mushroom from the ingredients and infrastructure, to the equipment required to maintain a hygienic environment at all different scales allows it to provide cost effective solutions while maintaining healthy margins.

The legislation today for the agricultural mushroom sector is similar to when the first cannabis License was approved for medical use in California in 1996. It must be noted that several successful ventures in cannabis have been the infrastructure, services and consumables providers. Successful companies in this space have been able to generate significant revenue and cash flow as commercial cannabis production capacity has been developed. But, importantly, mushroom cultivation involves more precise technology than the Cannabis sector as mushroom cultivation requires virtually perfect conditions to germinate. As such, the need for engineered solutions is far greater and more profitable, particularly at the commercial scale.

Terms of the Transaction

Pursuant to the terms of the LOI, the Company may acquire up to a 50% of the issued and outstanding securities of MyCeliium by:

- (a) Assisting, sourcing or making aggregate cash payments, directly or indirectly, of USD\$600,000.00 to MyCeliium in consideration for common shares of MyCeliium which represent up to 50% of the issued and outstanding shares of MyCeliium based on the following payment amounts:
 - i. USD\$200,000 cash for 20% equity of MyCeliium;
 - ii. USD\$200,000 cash for a further 20% equity of MyCeliium; and
 - iii. USD\$200,000 cash for a further 10% equity of MyCeliium,

(the “**Cash Payments**”).

- (b) If the Company completes the Cash Payments and consequently acquires 50% of the issued and outstanding securities of MyCelium, then the Company may acquire the remaining 50% of MyCelium by issuing common shares of the Company on a pro rata basis to the shareholders of MyCelium (the “**Share Payment Issuance**”) based on an exchange ratio of one (1) common share of the Company for each common share of MyCelium that is not already owned by the Company for the purposes of acquiring the remaining 50% equity interest of MyCelium, such that the Company will own and control 100% of the issued and outstanding securities of MyCelium.

The Transaction is conditional upon, among other things:

- (i) the parties will have received all necessary regulatory and third-party consents, approvals and authorizations as may be required in respect of the Transaction, including, but not limited to, acceptance of the Transaction by the Exchange;
- (ii) completion of due diligence to the satisfaction of the parties;
- (iii) completion of audited financial statements of MyCelium;
- (iv) approval by the board of directors of each of the Company and MyCelium to the final terms and conditions of the Transaction as set forth in the Definitive Agreement and all other necessary matters related thereto prior to the signing of the Definitive Agreement; and
- (v) shareholder approval (as required) of the Transaction.

In connection with the Transaction it is intended that the Company will be re-named as the parties may reasonably agree upon and as is acceptable to the Exchange and the B.C. corporate registrar. Upon completion of the Transaction, the resulting entity will carry on the business currently conducted by MyCelium and will cease to carry on the business currently being conducted by the Company. It is also intended that concurrent with the closing of the Transaction, the board of directors of the Company shall be restructured through resignations and appointments, so that it shall consist of four (4) directors with MyCelium selecting two (2) board members and the Company selecting two (2) board members.

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 Transaction described herein and 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. However, there is no assurance that the Definitive Agreement will be successfully negotiated or entered into.

ON BEHALF OF THE BOARD OF DIRECTORS

“Dev Randhawa”

Dev Randhawa
President and Director

For further information, please contact:

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

Forward-Looking Statements

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 Potential Transaction, 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 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.