



Liberty
Defense

DRAWDOWN
DETECTION



Press Release
January 13, 2021

TSXV: SCAN
Frankfurt: LD2
OTCQB: LDDFF

Liberty and DrawDown and Announce Filing of Preliminary Prospectus

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Vancouver, BC and Atlanta, GA – [Liberty Defense Holdings Ltd.](#) (“**Liberty**” or the “**Company**”) ([TSXV: SCAN](#), [FRANKFURT: LD2](#), [OTCQB: LDDFF](#)), a leading concealed weapons detection company, is pleased to announce that it has filed and obtained a receipt for a preliminary short form prospectus (the “**Preliminary Prospectus**”) dated January 12, 2021 in each of the provinces of Canada (except Québec) in connection with a proposed offering of subscription receipts of the Company (each, a “**Subscription Receipt**”) to raise gross proceeds of up to \$5.3 million (the “**Offering**”). The Offering is being conducted as a closing condition of the business combination of DrawDown Detection Inc. (“**DrawDown**”) and the Company (the “**Transaction**”), detailed in the Company’s filing statement dated November 13, 2020 (the “**Filing Statement**”), as well as its news releases dated [January 28, 2020](#), [April 7, 2020](#) and [June 22, 2020](#), [June 26, 2020](#), [September 9, 2020](#), [October 23, 2020](#), [November 13, 2020](#) and [December 16, 2020](#), all of which is available on Liberty’s SEDAR profile at www.sedar.com. The Company has received conditional approval of the TSX Venture Exchange (the “**Exchange**”) to complete the Transaction, subject to the completion of certain other customary filings. Prior to the completion of the Transaction, Liberty will complete a consolidation (the “**Consolidation**”) of the outstanding common shares of Liberty and all of the outstanding securities convertible in common shares of Liberty on a 6.2:1 basis. Following completion of the Transaction, the business of the resulting entity (the “**Resulting Issuer**”) will be the combined businesses of Liberty and DrawDown.

Subscription Receipt Offering

The Offering will consist of up to 13,250,000 Subscription Receipts at a price of \$0.40 per Subscription Receipt (the “**Offering Price**”), subject to disinterested shareholder approval, for gross proceeds of up to \$5.3 million. The Company and DrawDown have entered into an engagement letter with Canaccord Genuity Corp. (the “**Agent**”), who has agreed to act as agent for and on behalf of the Company, on a commercially reasonable “best efforts” agency basis, in respect of the Offering, which will be superseded by an agency agreement (the “**Agency Agreement**”).

Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action on the part of the holder, one unit of the Company (each a “**Unit**” and collectively the “**Units**”), upon receipt by the escrow agent, on or before the date that is 60 days after the Closing Date (the “**Deadline**”) of a release notice from the Company, and acknowledged by the Agent, confirming that: (a) all of the conditions precedent to the closing of the Transaction have been satisfied or waived to the satisfaction of the Company and DrawDown, and as acknowledged by the Agent, (b) except as consented to in writing by the Agent, no material provision of the amalgamation agreement between Liberty and Drawdown has been amended by the parties thereto, (c) the Agency Agreement has not been terminated, and (d) neither the Company nor DrawDown is in material breach or default of the Agency Agreement (the “**Release Notice**”).

Each Unit will consist of one common share on a post-Consolidation basis (each, a “**Unit Share**”) and one-half of one share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant shall entitle the holder thereof to purchase one common share on a post-Consolidation basis (each, a “**Warrant Share**”) at a price

of \$0.60 at any time up to 5:00 p.m. (Toronto time) on the date which is 24 months from closing date of the Offering (the “**Closing Date**”).

The Company has granted to the Agents an over-allotment option (the “**Over-Allotment Option**”) to offer for sale up to an additional 1,987,500 Subscription Receipts (the “**Over-Allotment Option Subscription Receipts**”) at the Offering Price. The Over-Allotment Option is exercisable, in whole or in part, in the sole discretion of the Agent, at any time up to 30 days from the Closing Date and may be exercisable by the Agent to offer Over-Allotment Subscription Receipts at the Offering Price. For certainty, the number of Over-Allotment Subscription Receipts issued in connection with the exercise of the Over-Allotment Option shall not exceed 15% of the number of Subscription Receipts issued pursuant to the Offering.

The Company has agreed to: (i) pay the Agent a cash commission equal to 7.0% of the gross proceeds of the Offering, including the Over-Allotment Option (the “**Agent’s Fee**”), (ii) issue to the Agent such number of compensation warrants (each, an “**Agent’s Warrant**”) as is equal to 7.0% of the number of Subscription Receipts sold under the Offering, including Subscription Receipts sold upon exercise of the Over-Allotment Option, if any, with each Agent’s Warrant entitling the holder to acquire one post-Consolidation common share at the Offering Price until the date that is 24 months from the date of the Closing Date, and (iii) reimburse the Agent for their reasonable expenses in connection with the Offering (the “**Agent’s Expenses**”).

If the closing of the Transaction does not occur by the Deadline, the Subscription Receipts will terminate and holders of Subscription Receipts shall be entitled to receive an amount per Subscription Receipt equal to the Offering Price and a pro rata share of interest earned thereon.

The Company will use the net proceeds of the Offering to further the combined businesses of the Company and DrawDown, and will include general & administrative expenses, sales & marketing expenses and research & development expenses, as more particularly set out in the Preliminary Prospectus.

The Preliminary Prospectus containing important information relating to the securities being offered under the public offering has been filed with securities commissions or similar authorities in each of the provinces of Canada (except Québec). The Preliminary Prospectus is still subject to completion or amendment. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued.

Trading in Liberty

Trading in the common shares of Liberty is expected to remain halted pending the satisfaction of the conditions of the Exchange for resumption of trading. It is unlikely that trading in the common shares of Liberty will resume prior to the completion of the Transaction.

Additional information in connection with the Transaction will be provided in subsequent press releases.

Proposed Directors and Officers

Information concerning the individuals who are proposed to become or remain, as applicable, directors and/or officers of the Resulting Issuer upon the completion of the Transaction is provided in the Filing Statement, which is available on Liberty’s SEDAR profile at www.sedar.com.

The disclosure provided in the Filing Statement with respect to the proposed directors and officers of the Resulting Issuer remains current as at the date hereof, with the exception of the removal of Kevin Hackett as a proposed director of the Resulting Issuer. Arjun Grewal is expected to be appointed to the board of directors of the Resulting Issuer to replace Mr. Hackett.

Arjun Grewal – Director

The following table shows certain information concerning the proposed director, as required under applicable securities laws and the policies of the Exchange.

Name and Municipality of Residence	Principal Occupations For Last Five Years	Period or periods during which the proposed director has served as a director of DrawDown	Period or periods during which the proposed director has served as a director of Liberty	Proposed Position With Resulting Issuer	Number and Percent of Common Shares of the Resulting Issuer proposed to be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised
Arjun Grewal Age: 38 Ontario, Canada	- Cloud Client Advocacy Program Lead at IBM Canada Ltd. (2018 – Present) - Solider with the Canadian Armed Forces (2000 – 2018)	N/A	N/A	Director	Nil

The following is some brief information about the proposed director in addition to the information provided above.

Arjun Grewal currently serves as the Client Advocacy Program Lead for IBM Canada Ltd. Focused on collecting, analyzing, and actioning client feedback, Mr. Grewal is actively involved in managing and testing client experience improvements. Mr. Grewal is a 19-year veteran of the Canadian Armed Forces. Mr. Grewal served 12 years of his career with the Canadian Special Operations Forces, having deployed on operations globally. Mr. Grewal is expected advise and provide insight to the Resulting Issuer in military and tactical contexts, as well as seek out emerging business and market opportunities.

About DrawDown Detection Inc.

DrawDown Detection Inc. is a privately-held corporation incorporated on October 26, 2018 under the *Business Corporations Act* (British Columbia), and is a weapons detection technology company that commercializes intellectual property for use in the public safety market. The Company is in the development stage of a handheld device to detect smokeless gunpowder (the “**Gunpowder Detection Sensor**”). The Company’s business plan is to develop and sell its patented Gunpowder Detection Sensor to law enforcement agencies and critical infrastructure providers, including but not limited to schools, sporting venues, hotels, places of worship and private business markets globally. The Gunpowder Detection Sensor technology is being developed in the United States. DrawDown is widely held and does not have any controlling shareholders.

About Liberty Defense Holdings Ltd.

Liberty provides security solutions for concealed weapon detection in high volume foot traffic areas and has secured an exclusive license from Massachusetts Institute of Technology (MIT), as well as a technology transfer agreement, for patents related to active 3D radar imaging technology that are packaged into the HEXWAVE product. The system is designed to provide discrete, modular and scalable protection to provide layered, stand-off detection capability. This is intended to provide a means to proactively counter evolving urban threats. The sensors with active 3D radar imaging and Artificial Intelligence (AI)-enhanced automatic detection are designed to detect metal and non-metal firearms, knives, explosives and other threats. Liberty

is committed to protecting communities and preserving peace of mind through superior security detection solutions. Learn more: LibertyDefense.com

On Behalf of Liberty Defense

Aman Bhardwaj
Interim CEO & Director
Telephone: 678-908-2507

More About Liberty Defense Holdings Ltd.

For further information on Liberty, please contact:

Email: info@libertydefense.com

More About DrawDown Detection Inc.

For further information on DrawDown, please contact:

DrawDown Investor Relations:
Email: info@drawdowndetection.com
or visit www.drawdowndetection.com

Cautionary Notes about the Transaction and the Offering

The Transaction and the Offering remain subject to the approval of the Exchange and other conditions customary for transactions of this nature. There can be no assurance that the Transaction and the Offering will be completed as proposed or at all. Trading in the common shares of the Company on the Exchange will remain halted until such times as the requirements of the Exchange are met. The Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Completion of the Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. The Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in any management information circular or filing 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 securities of Liberty should be considered highly speculative.

All information contained in this press release with respect to DrawDown, its business and operations was supplied by DrawDown for inclusion herein. Liberty has not conducted due diligence on the information provided and does not assume any responsibility for the accuracy or completeness of such information.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) has in any way passed on the merits of the Transaction or the Offering, and neither has in any way approved or disapproved of the contents of this press release.

Forward-Looking Information Disclaimer

Certain statements included in this news release constitute forward-looking information or statements (collectively, "forward-looking statements"), including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", "may", "should"

and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts but reflect current expectations regarding future results or events. This news release contains forward looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Any statements about DrawDown's business plans, completion of the Offering and the securities issuances related thereto, completion of the Transaction, the number of securities of the Company that may be issued in connection with the Transaction, the ownership and the directors of the Company, the requirement to obtain shareholder approval, the parties' ability to satisfy any and all other closing conditions including but not limited to completion of the Consolidation, and the parties' ability to receive necessary regulatory and Exchange approvals in connection therewith and the terms associated therewith, potential emerging business and market opportunities, the ability of Drawdown to develop and sell its patented Gunpowder Detection Sensor to law enforcement agencies and critical infrastructure providers and any additional reorganizational transactions are all forward-looking information. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including, anticipated costs, and the ability to achieve its goals.

Factors that could cause the actual results to differ materially from those in the forward-looking statements include, failure to obtain regulatory approval, the continued availability of capital and financing, and general economic, market or business conditions, changes in legislation and regulations, increase in operating costs, equipment failures, failure of counterparties to perform their contractual obligations, litigation, the loss of key directors, employees, advisors or consultants and fees charged by service providers. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Transaction will occur or that, if the Transaction does occur, it will be completed on the terms described above, nor can there be any assurance that the listing of the common shares of the Company upon completion of the Transaction will occur. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law. Readers should not place undue reliance on the Company's forward-looking statements.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States. The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws, and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. This press release is not for distribution to U.S. newswire services nor for dissemination in the United States. Any failure to comply with this restriction may constitute a violation of U.S. securities laws.