FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name And Address Of Company

United Protection Security Group Inc.
8055 Coronet Road
Edmonton, AB T6E 4N7

Item 2. Date Of Material Change

April 18, 2008

Item 3. News Release

A news release was disseminated through the services of Canada News Wire on April 23, 2008.

Item 4. Summary Of Material Change

United Protection Security Group Inc. (the "Corporation") has entered into a Share Purchase Agreement to acquire a 75% interest in a private security services company based in the Southern United States for a purchase price of $18,750,000 (in US funds).

Item 5. Full Description Of Material Change

United Protection Security Group Inc. (the "Corporation") has entered into a formal Share Purchase Agreement respecting the purchase of a 75% interest in a private security services company (the "Target") based in the Southern United States. This formal Share Purchase Agreement replaces a non-binding term sheet previously announced by the Corporation respecting this transaction. The purchase price for the 75% interest in the Target is $18,750,000 in US funds. Of this amount $15,625,000 is to be paid in cash on closing, and the balance of $3,125,000 will be paid by way of convertible promissory note. The principal amount of the convertible note will be convertible into common shares of the Corporation at a price equal to the 10 day volume weighted average price of the shares prior to the conversion date. Interest on the note will be payable quarterly at the prime rate of the Bank of America, and the principal will be due 5 years after the closing date. The purchase price will be subject to a downward adjustment in the event that the current ratio of the Target is less than 1.1 or the debt to equity ratio of the Target is greater than 4.41.

The Corporation has been granted an option to purchase the remaining 25% interest of the Target based on a 2.78 multiple of EBITDA, adjusted for the 25% interest being purchased. This option will expire 5 years after the closing date. In addition, the Vendors will have a put option that will allow them to require the Corporation to purchase that 25% interest at the same price. The put option will expire in 5 years, but cannot be exercised until after 3 years from the closing.

The current Chief Executive Officer of the Target has agreed to enter into a 3 year employment contract at a base salary of $300,000 (USD) per year plus performance bonuses, and to enter into a 3 year non-competition agreement.

The cash portion of the purchase price for the Target is expected to the funded by the Corporation through a private placement equity financing proposed to be carried out by the Corporation. The Corporation has engaged a syndicate of agencies, co-led by Clarus Securities Inc. and Paradigm Capital Inc., to conduct a private placement of subscription proceeds for gross proceeds of up to $20,000,000 (Canadian). Each subscription receipt will be exchanged for a unit consisting of one common share and one-half of a share purchase warrant. The pricing of the subscription receipts and share purchase warrants has yet to be set, and will be determined in the context of the market. Agents are to be paid a 6.5% cash commission and be granted compensation options for 6% of the total offering. The compensation options will entitle the holder to purchase one common share for a period of 24 months from the closing. The agents will also be granted a 10% over-allotment option. The funds from this placement will be held in escrow pending the closing of the offering, which will be conditional upon closing of the acquisition of the Target.

The closing of the acquisition and the financing are anticipated to take place on or before May 30, 2008.

The acquisition of an interest in the Target will be significant to the Corporation in a number of ways. For the calendar year 2007 the Corporation had revenues of approximately $22.5 million, yielding a net income of approximately $600,000. During 2007, the Target had revenues of approximately $98.7 million, yielding a net income of approximately $4.8 million (these figures are not subject to audit). The acquisition will add more than 2,500 new security professionals to the Corporation's operations, and it will give the Corporation an opportunity to establish and grow its business in the United States.

This transaction is subject to a number of conditions, including completion of satisfactory due diligence, completion of a private placement financing, and obtaining required regulatory approvals, including approval of the TSX Venture Exchange. There is no assurance that these conditions will be satisfied and that this transaction will be completed.

There is no assurance that the financing will be completed and there can be no assurance that the Corporation will be able to complete the acquisition of a 75% interest in the Target by May 30, 2008 or at all. If the proposed private placement financing is not substantially completed, it is anticipated that the Corporation will not have sufficient funds to finance the acquisition of the Target. In addition, if the acquisition is successfully completed, the Corporation may be called upon to acquire the remaining 25% interest of the Target at the applicable time and may not have sufficient proceeds to do so at that time.

Item 6. <u>Reliance On Subsection 7.1(2) Or (3) Of National Instrument 51-102</u>

Not applicable

Item 7. <u>Omitted Information</u>

This material change report has omitted the name of the Target and other information that would disclose the identity of the Target. As this transaction is subject to a number of conditions, including a significant financing, there is uncertainty respecting whether or not this transaction will be completed. Disclosing the identity of the Target at this time may be unduly detrimental to the Target and, as a result, to the Corporation, as this pending transaction (particularly given its uncertainty) may adversely affect the Target's dealings with its customers, suppliers, consultants and staff.

Item 8. <u>Executive Officer</u>

Fredy Ramsoondar, Chief Financial Officer of the Corporation, may be contacted at 780-465-8108 respecting this material change report.

Item 9. <u>Date Of Report</u>

April 28, 2008

UNITED PROTECTION SECURITY GROUP INC.

Per: (signed) "F.V. Ramsoondar"
FREDY RAMSOONDAR