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

July 28, 2008

Item 3. News Release

A news release was disseminated through the services of Canada News Wire on July 28, 2008.

Item 4. Summary Of Material Change

United Protection Security Group Inc. (the "Corporation") has suspended negotiations respecting the proposed purchase of a 75% interest in a private security services company based in the Southern United States pending the outcome of quantification of class action lawsuits filed against the Target during the due diligence process.

Item 5. Full Description Of Material Change

United Protection Security Group Inc. had entered into a Share Purchase Agreement respecting the purchase of a 75% interest in a private security services company (the "Target") based in the Southern United States. The purchase price for the 75% interest in the Target was to have been $18,750,000 in US funds payable by a combination of cash and convertible promissory note.

This transaction was subject to a number of conditions, including completion of satisfactory due diligence, and was originally anticipated to close by May 30, 2008.

On June 2, 2008, it was reported that the share purchase agreement closing date was not extended pending clarification of certain due diligence findings. The Corporation has now determined to suspend negotiations this transaction pending the outcome of the quantification of three class action lawsuits for claims of alleged unpaid overtime and other benefits, which were filed against the Target during the due diligence process conducted by the Corporation.

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

Not applicable

Item 7. Omitted Information

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 not being proceeded with such disclosure may adversely affect the Target's dealings with its customers, suppliers, consultants and staff.

Item 8. Executive Officer

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

Item 9. Date Of Report

August 8, 2008

UNITED PROTECTION SECURITY GROUP INC.

Per: (signed) "Fredy Ramsoondar"
FREDY RAMSOONDAR