This Operational Agreement is made between:

United Protection Security Group Inc.

("UPSG" or the "Purchaser")

and

United Protection Services Inc.

("UPS" or the "Operator")

and

Sheprott Security Services Inc.

("SHEPROTT" or the "Vendor")

This Operational Agreement (the "Agreement) is intended to govern the affairs of the parties until such time as a Definitive Purchase Agreement ("DPA") of the shares or assets of the Vendor is formed between the parties, and which further agreement is formally expressed by the following duly executed documentation (the Vendor's "deliverables").

The Vendor's deliverables shall include:

- A list of customer and bill rates
- A list of employees and pay rates
- Union agreements
- Schedule of sales, general and administrative costs.

Within two years of the execution of this Operational Agreement, the Vendor will sell its assets or shares to UPSG and will not offer the sale of its assets or shares to any other organization.

The DPA will be calculated on the following basis:

Purchase price of the shares or assets of the Vendor : $3,250,000
Annualized revenue of the Vendor to be no less that $7,000,000 at time of execution of the DPA.
Annualized earnings before income taxes, depreciation and amortization (EBITDA) to be no less that 8% of Vendor's annual revenue.

The Definitive Purchase Agreement shall be entered into by the Vendor and the Purchaser by no earlier than July 1, 2012 and no later than April 30, 2014 unless mutually agreed upon by both parties. The Purchaser shall prepare the Definitive Purchase Agreement.

If no Definitive Purchase Agreement is made between the Vendor and the Purchaser on or before April 30, 2014, this agreement can then be extended as mutually agreed upon by both parties.

Until such time as a Definitive Purchase Agreement is made, the following shall govern:

The Vendor will work exclusively with the Purchaser.

UPS will invoice and collect all and new accounts under this agreement as per the Vendor's deliverables but not limited to the deliverables.

UPS will pay all direct costs relating the Vendor's deliverables.

Direct costs include but are not limited to:

- security guard payroll
- vehicle leases
- communications and vehicle operating costs;

UPS will pay sales, general and administrative costs that have been mutually agreed upon in advance by the Vendor and the Purchaser; and if no agreement is reached upon payment of any costs the Purchaser shall take responsibility for payment of such costs and indemnifies the Vendor from any liability arising.

The Vendor and the Purchaser shall share in the Net Profit under this agreement on the following basis:

- From May 1, 2012 to October 31, 2012, Purchaser 10%, Vendor 90%.
- November 1, 2012 to April 30, 2013, Purchaser 20%, Vendor 80%.
- May 1, 2013 to October 31, 2013, Purchaser 30%, Vendor 70%.
- November 1, 2013 to April 30, 2014, Purchaser 40%, Vendor 60%.

As an incentive bonus, UPSG shall issue 250,000 common shares each to KEITH GOULD and to Peter Nardangeli at a price of five ($0.05) cents per common share, subject to a one-year escrow period and subject to the approval of the UPSG's Board of Directors and the TSX Venture Exchange.

KEITH GOULD shall be paid an annual salary of $120,000 together with such benefits and allowances as the Vendor and the Purchaser may agree. The aggregate annual salary and benefits paid to KEITH GOULD during the currency of this Agreement shall be a credit to the payment of the amount calculated for the sale of the business or the common shares of the Vendor.

All account receivable up to April 30,2012 will be for the benefit of the Vendor all accounts receivable as of May 1,2012 will be for the benefit of the Purchaser.

All accounts payable up to April 30, 2012 will be for the benefit of the Vendor and all accounts payable as of May 1, 2012 will be for the benefit of the Purchaser.

The Purchaser will enjoy unrestricted use of the name of the Vendor during the currency of this Agreement and indemnifies the Vendor from any liability arising therefrom. The Purchaser shall take responsibility for insurance, licencing and regulatory coverage and compliances during the currency of this Agreement and indemnifies the Vendor from any liability arising therefrom. The Purchaser and the Vendor will work together during this agreement in an effort in increase financial synergies.

For any reason if the Purchaser is unable to or cease to operate during the term of this Operational Agreement, the operations under this Operational Agreement will be transferred to the Vendor.

In the event of a dispute, the Vendor and the Purchaser agree to enter into dispute resolution as follows:

- by discussion and agreement by senior management of the Vendor and the Purchaser; and, if no resolution is forthcoming,

- by reference to arbitration pursuant to the legislation of the Province of Ontario.

This Operational Agreement is made between the undersigned parties on April 25, 2012.

UNITED PROTECTION SECURITY GROUP INC.

Per ______________________

UNITED PROTECTION SERVICES INC.

Per ______________________

WITNESS: ______________________

SHEPROTT SECURITY SERVICES INC.

Per ______________________

WITNESS: ______________________