HOMELAND ENERGY GROUP LTD.
144 Front Street West, Suite 780
Toronto, Ontario
M5J 2L7

FILED VIA SEDAR

Ontario Securities Commission
19th Floor, 20 Queen Street West
Toronto, Ontario, M5H 3S8
Attention: Continuous Disclosure

Alberta Securities Commission
4th Floor, 300 - 5th Avenue S.W.
Calgary, Alberta, T2P 3C4
Attention: Continuous Disclosure

British Columbia Securities Commission
12th Floor, Pacific Centre, 701 W. Georgia St.
Vancouver, B.C., V7Y 1L2
Attention: Continuous Disclosure

Dear Sirs/Mesdames:

RE: Material Change Report

1. The name of the reporting issuer is **Homeland Energy Group Ltd.** ("Homeland" or the "Company"), whose registered office is at 144 Front Street West, Suite 780, Toronto, Ontario, M5J 2L7.

2. The material change occurred on March 27, 2013.

3. A Press Release was published at Toronto on March 28, 2013.

4. Homeland announced that it had entered into heads of agreement (the "HOA") with Joe Singh Group of Companies (Pty) Ltd. (the "Purchaser") pursuant to which the Purchaser will acquire a 100% interest in the Kendal Colliery, including the wash plant and all mining rights, through the purchase of all of the issued and outstanding common shares of Ferret Coal (Kendal)(Pty)(Ltd.). The total purchase price for the assets is ZAR235 million (approximately $25.7 million). ZAR110 million of this amount has been advanced. A further ZAR55 million is payable on May 31, 2013 and the balance of ZAR70 million will be paid on receipt of final approvals from applicable regulatory approvals in South Africa. As part of this transaction, African Spirit Trading 307 (Pty) Ltd., Homeland's current BEE partner at Kendal, has agreed to sell its 26% interest in Kendal to Homeland for transfer to the Purchaser in consideration for the forgiveness of all loans owed to Homeland and its subsidiaries and the payment of ZAR8 million by Homeland. The proceeds from the sale of Kendal will be used to repay the balance of the loan from ICICI Bank, to repay all outstanding third party obligations and to provide some working capital during the transition phase. The balance will be used to reduce the outstanding obligations to GMR Energy Group Limited ("GMR") pursuant to loans advanced to the Corporation starting in 2010.

As a result of the timing of the execution of agreements with respect to both the sale of Kendal and the sale of the Eloff Property, Homeland may not be able to complete its financial statements and accompanying management discussion and analysis and annual information form for the year ended December 31, 2012 (the “Financial Disclosure”) which are due to be filed on or before April 1, 2013 pursuant to relevant securities laws. Additional disclosures must be included in the Financial Disclosure which is the cause of the delay.

The Company intends to work diligently to file the Financial Disclosure as soon as possible and it has applied for a Management Cease Trade Order (“MCTO”) under National Policy 12-203 (the “Policy”) pending the filing of the Financial Disclosure on SEDAR. The Company is confident that the Financial Disclosure will be filed by no later than April 15, 2013. The granting of an MCTO is at the discretion of the Ontario Securities Commission and there can be no guarantee that an MCTO will be granted.

5. The sale of Kendal is subject to a number of conditions including approval by applicable regulatory authorities in South Africa and by the minority shareholders of Homeland. Shareholder approval must be obtained by June 30, 2013 and will be sought at the upcoming annual meeting of shareholders. The date of the meeting is still being determined. All conditions must be met by August 31, 2013. If the transaction is terminated, all advances against the purchase price will be refunded.

Following numerous operational setbacks over the past two years including flooding in the mine, the significant incidence of dykes and sills in the coal seams, the discovery that the underground workings in the E Block had been mined to a more significant extent than had previously been indicated and the difficulties in retaining a mining contractor on a cost effective basis, management of the Company was of the view that positive cash flow from operations would not be achieved in the short or medium term. Rather than incurring further losses, the decision was made to seek a buyer for the property who could more effectively conduct operations as a result of economies of scale. The Purchaser and its affiliates are already active in the coal mining business in South Africa. Pursuant to the terms of the HOA, the Purchaser has been retained to commence mining operations at Kendal effective April 1, 2013. All costs and liabilities associated with such operations will be on the purchaser’s account and the Purchaser will be entitled to all revenue generated from such operations.

As a result of this transaction and the previously announced sale of the Eloff Property, the Company no longer has any operating assets. All employees in South Africa are being terminated effective March 31, 2013.

GMR has been very supportive of the Corporation historically and continues to be so. The Corporation is considering what options are available to it at this time to preserve value for the minority shareholders.

If an MCTO is granted under the Policy, it will be imposed against some or all of the persons who have been directors, officers or insiders of the Company instead of a cease trade order being imposed against all securities of the Company. An MCTO would not generally affect the ability of persons who have not been directors, officers or insiders of the Company to trade the securities of the Company pending the filing of the Financial Disclosure on SEDAR.

If the MCTO is granted, the Company intends to satisfy the provisions of the Alternate Information Guidelines as set out in the Policy for as long as it remains in default, including the issuance of bi-weekly default status reports, each of which will be issued in the form of a press release.

6. This report is not being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102.

7. No information is omitted because it is to be kept confidential.

8. Mr Avinash Shah, Chief Executive Officer of the Company, may be contacted at (416) 506-1979 concerning this report.

9. The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario this 1st day of April, 2013.

HOMELAND ENERGY GROUP LTD.

"Kathleen E. Skerrett"

Per: ______________________________

KATHLEEN E. SKERRETT
Corporate Secretary