

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company:

Ethiopian Potash Corp. (the **Company** or **EPC**)
200 Bay Street, Suite 3800
Toronto, Ontario M5J 2Z4

Item 2. Date of Material Change:

July 11, 2012

Item 3. News Release:

A press release was disseminated on July 11, 2012 through Marketwire LP.

Item 4. Summary of Material Change:

On July 11, 2012, the Company announced that it has entered into an amending agreement (the **Amending Agreement**) with respect to its option agreement (the **Original Option Agreement**) to acquire G&B Central African Resources Ltd. (**G&B**), the owner of the property in the Danakil Basin, Ethiopia. The Original Option Agreement was entered into between EPC, G&B and the G&B Shareholders (as such term is defined in the Original Option Agreement) on September 7, 2010, and was subsequently amended and restated on October 18, 2010, December 1, 2010 and January 18, 2011.

Under the terms of the Original Option Agreement, the G&B Shareholders and the Founders (as such term is defined in the Company's management information circular dated January 28, 2011 in respect of the reverse takeover of and amalgamation with Panorama Resources Inc. that closed on March 9, 2011) were to have received an aggregate of 13.0 million shares of EPC to exercise the option, as well as \$1,000,000 in cash to the G&B Shareholders and \$1,000,000 in cash to the Founders upon the satisfaction of a feasibility study in respect of the Danakil property.

EPC has agreed, subject to regulatory and shareholder approval, to issue a potential additional 38.5 million shares under the Amending Agreement, in the aggregate, with 13.5 million shares being issued to or to the order of the Founders and 25 million shares being issued to or to the order of the G&B Shareholders. These share issuances are in lieu of the 13.0 million shares and \$2,000,000 in cash payable to the Founders and the G&B Shareholders (noted above) in the Original Option Agreement, such share and cash compensation being revoked and cancelled by the entering into of this new agreement. The new consideration payable reflects the original terms of the Option Agreement in respect of the share and cash value due to the parties upon exercise, as well as a bonus share issuance to G&B Shareholders for agreeing to exercise the option early, prior to the completion of a bankable feasibility study as originally contemplated in the Original Option Agreement.

The amendments to the Original Option Agreement will only become effective upon the satisfaction or waiver, on or before September 30, 2012, of certain conditions precedent which include: (i) the appointment of additional independent EPC board and management members acceptable to the G&B Shareholders and approved of by the TSX Venture Exchange (**TSXV**); (ii) EPC's completion of a financing acceptable to the G&B

Shareholders in an amount to be determined based on market conditions; and (iii) other customary conditions (including receipt of approvals of the TSXV and the minority shareholders of EPC). The full details of all conditions precedent will be set out in the information circular mailed to all shareholders in connection with this proposed transaction. In the event that such conditions precedent are not satisfied or waived as required, the Original Option Agreement will continue to subsist, unamended, in full force and effect.

George Roach (chairman of the board and EPC's chief executive officer) and Bruce Cumming (a director of EPC) are also directors and the principals of G&B and their respective family trusts will receive the shares to be issued to the G&B Shareholders, which represent (in aggregate) a majority of the shares to be issued in connection with the exercise of EPC's option under the Amending Agreement.

Execution of the Amending Agreement constitutes a 'related party transaction' within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions (MI 61-101)*.

The Company will be seeking minority shareholder approval for the transactions in accordance with MI 61-101 at a special meeting of shareholders to be held before the end of September 2012. The Company is relying on an exemption from the formal valuation requirement under MI 61-101 given that EPC is listed on the TSXV. The policies of the TSXV state that it may still require evidence of value for the transaction in accordance with its policies.

Item 5. Full Description of Material Change:

Please see attached Schedule "A" for full text of the above noted press release.

Item 6. Reliance of Section 7.1(2) of National Instrument 51-102:

Not applicable.

Item 7. Omitted Information:

Not applicable.

Item 8. Executive Officer:

George Roach
Chief Executive Officer
+44 779 626 3999
george@regentresources.co.za

Item 9. Date of Report:

July 13, 2012

Schedule "A"



TSX-V: "FED / FED.wt"

**ETHIOPIAN POTASH CORP. ANNOUNCES AGREEMENT TO EXERCISE G & B OPTION
EARLY AND APPOINTS FINANCIAL ADVISOR**

Toronto, Ontario – (July 11, 2012) – Ethiopian Potash Corp. (the "**Company**" or "**EPC**") (TSX Venture: "FED" and "FED.wt") is pleased to announce that it has entered into an amending agreement (the "**Amending Agreement**") with respect to its option agreement (the "**Original Option Agreement**") to acquire G&B Central African Resources Ltd. ("**G&B**"), the owner of the property in the Danakil Basin, Ethiopia. The Original Option Agreement was entered into between EPC, G&B and the G&B Shareholders (as such term is defined in the Original Option Agreement) on September 7, 2010, and was subsequently amended and restated on October 18, 2010, December 1, 2010 and January 18, 2011.

Under the terms of the Original Option Agreement, the G&B Shareholders and the Founders (as such term is defined in the Company's management information circular dated January 28, 2011 in respect of the reverse takeover of and amalgamation with Panorama Resources Inc. that closed on March 9, 2011) were to have received an aggregate of 13.0 million shares of EPC to exercise the option, as well as \$1,000,000 in cash to the G&B Shareholders and \$1,000,000 in cash to the Founders upon the satisfaction of a feasibility study in respect of the Danakil property.

EPC has agreed, subject to regulatory and shareholder approval, to issue a potential additional 38.5 million shares under the Amending Agreement, in the aggregate, with 13.5 million shares being issued to or to the order of the Founders and 25 million shares being issued to or to the order of the G&B Shareholders. These share issuances are in lieu of the 13.0 million shares and \$2,000,000 in cash payable to the Founders and the G&B Shareholders (noted above) in the Original Option Agreement, such share and cash compensation being revoked and cancelled by the entering into of this new agreement. The new consideration payable reflects the original terms of the Option Agreement in respect of the share and cash value due to the parties upon exercise, as well as a bonus share issuance to G & B Shareholders for agreeing to exercise the option early, prior to the completion of a bankable feasibility study as originally contemplated in the Original Option Agreement.

The amendments to the Original Option Agreement will only become effective upon the satisfaction or waiver, on or before September 30, 2012, of certain conditions precedent which include: (i) the appointment of additional independent EPC board and management members acceptable to the G&B Shareholders and approved of by the TSX Venture Exchange ("**TSXV**"); (ii) EPC's completion of a financing acceptable to the G&B Shareholders in an amount to be determined based on market conditions; and (iii) other customary conditions (including receipt of approvals of the TSXV and the minority shareholders of EPC). The full details of all conditions precedent will be set out in the

information circular mailed to all shareholders in connection with this proposed transaction. In the event that such conditions precedent are not satisfied or waived as required, the Original Option Agreement will continue to subsist, unamended, in full force and effect.

George Roach (chairman of the board and EPC's chief executive officer) and Bruce Cumming (a director of EPC) are also directors and the principals of G&B and their respective family trusts will receive the shares to be issued to the G&B Shareholders, which represent (in aggregate) a majority of the shares to be issued in connection with the exercise of EPC's option under the Amending Agreement.

Execution of the Amending Agreement constitutes a 'related party transaction' within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Securityholders in Special Transactions* ("**MI 61-101**").

The Company will be seeking minority shareholder approval for the transactions in accordance with MI 61-101 at a special meeting of shareholders to be held before the end of September 2012. The Company is relying on an exemption from the formal valuation requirement under MI 61-101 given that EPC is listed on the TSXV. The policies of the TSXV state that it may still require evidence of value for the transaction in accordance with its policies.

The Original Option Agreement is, and the Amending Agreement will be, available at www.sedar.com.

George Roach stated: "That EPC did not hold direct title to the properties, combined with the current cash deficit and trying market conditions, resulted in understandable concern. This agreement confirms the commitment of the G&B Shareholders to a common destiny with EPC and addresses some of the concern."

"We continue to engage in negotiation intended to secure participation in the development of the project by a competent, strategic and well funded partner. It remains our conviction that with funding and continued work on the flagship Danakil project, tangible shareholder value will be created."

Engagement of Financial Advisor and Update on Financing Efforts

Mackie Research Capital Corporation ("**Mackie Research**") has been engaged to provide a fairness opinion to the board of EPC on the transactions contemplated by the Amending Agreement and any transaction involving a strategic partner, as referred to above.

In addition, the Company has appointed Mackie Research to act as non-exclusive financial advisor with respect to its ongoing financing efforts and related matters.

About Ethiopian Potash Corp.

Ethiopian Potash Corp. (TSXV: "FED" and "FED.wt") is a Canadian company based in Toronto, Ontario and Addis Ababa, Ethiopia.

On behalf of the Board of Directors

George Roach
CEO & Director

Forward-Looking Information

This press release may contain forward-looking statements based on assumptions, uncertainties and management's best estimates of future events. All statements that address future activities, events or developments that the Company believes, expects or anticipates will or may occur (including, but not limited to, the potential for and timing of the early exercise of EPC's option to acquire G&B and the Company's plans and expectations regarding a potential strategic investment or a financing) are forward-

looking information. Forward-looking information is based upon assumptions by management that are subject to known and unknown risks and uncertainties and other factors that may cause actual results to differ materially from those expressed or implied by the forward-looking information. Factors that may cause actual results to vary materially include, but are not limited to, the failure to satisfy all conditions precedent within the requisite time, including (without limitation) the failure to complete a potential strategic investment or financing, and obtaining the requisite regulatory and shareholder approvals, changes in general economic conditions or conditions in the financial markets, and unanticipated operational or technical difficulties. Such forward-looking information is based on a number of assumptions, including but not limited to, the availability of financing, and no significant decline in existing general business and economic conditions. There can be no assurance that the Company will be successful in completing a potential strategic investment or obtaining any additional required financing as and when needed. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans or reduce or terminate some or all of its activities. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligations to update publicly or otherwise revise any forward-looking information, except as may be required by law. For a more detailed discussion of such risks and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, refer to the Company's filings with the Canadian securities regulators available on www.sedar.com.

FOR FURTHER INFORMATION PLEASE CONTACT:

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or

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