



News Release

Homeland Energy, Appolo and Diversified Extend Asset Purchase Deadline to March 31, 2009

- US\$1-million to be paid to Appolo for extended deadline**
- Agreement on a break fee to be paid by Homeland on February 26, 2009 or on March 31, 2009 for additional payment**

Toronto, Canada (January 16, 2009) - Homeland Energy Group Ltd. (TSX: HEG) ('Homeland' or 'the Company') announces that the Company has negotiated an extension of the Appolo Fuels/Diversified Energy agreement announced on August 28, 2008. The Company continues to believe that the Appolo and Diversified businesses are of the highest calibre. Appolo Fuels has a proven record of production and a long-life reserve/resource base (see Homeland press release dated October 14, 2008 for complete details).

Recent contract pricing for delivery of coal from Appolo in 2009 has been in the US\$90/ton to US\$110/ton range. The market for physical delivery of high quality Central Appalachian coal remains strong in the current environment. Homeland management believes that the Appolo/Diversified deal can generate up to US\$60-million in operating cash flow in 2009.

An extension fee of US\$1-million will be paid to the vendors immediately and an additional US\$4-million is payable to the vendors by February 26, 2009. If the second payment is not made by February 26, 2009 the vendors can elect to receive common shares of the Company priced at C\$0.16/share.

Pursuant to the extension, the closing is now scheduled to occur on February 28, 2009. Upon closing of the purchase, the fees paid as indicated above will be credited to the purchase price, which remains US\$105-million as originally agreed. There is a provision in the extension agreement to extend the closing date to March 31, 2009 for an additional

US\$2.5 million to be paid by February 27, 2009 and also to be credited to the purchase price upon closing of the purchase.

In the event that the transaction does not close for any reason, the US\$5-million in payments and, if made, the additional US\$2.5-million for the extension to March 31, 2009 will constitute a break fee and the Company will have no further obligations to the vendors in respect of this transaction.

Homeland Energy Group Ltd. (TSX:HEG) is a coal producer with operations the Witbank area of South Africa. The company also has a large-scale development property in South Africa and exploration interests in Southern Africa. Homeland is currently negotiating to acquire interests in a number of additional coal properties in eastern South Africa and neighbouring countries as well as in the United States. Homeland is a significant shareholder in Homeland Uranium Inc., a Canadian uranium exploration and development focused on projects in Niger and the United States. Homeland also has an aggressive global acquisition strategy with a focus on energy resources.

Homeland Energy Group Ltd. is currently traded on the Toronto Stock Exchange under the symbol "HEG" with 150,270,478 common shares issued and outstanding. www.homelandenergygroup.com.

Forward-Looking Statements "This press release contains or refers to forward-looking information, including statements regarding the estimation of mineral resources, exploration results, potential mineralization, exploration and mine development plans, timing of the commencement of operations and estimates of market conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to convert estimated mineral resources to reserves, the grade and recovery of ore which is mined varying from estimates at the Kendal Colliery, capital and operating costs varying significantly from estimates, the preliminary nature of metallurgical test results, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, political risks, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and the other risks involved in the mineral exploration and development industry. Forward-looking statements are subject to significant risks and uncertainties, and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances other than as required by law.

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