



News Release

Homeland Energy and GMR Extend Share Delivery Date to Finalize Alternative Transaction

Toronto, Canada (January 21, 2009) - Homeland Energy Group Ltd. (TSX: HEG) ('Homeland' or 'the Company') announces that GMR Energy Limited, of Bangalore India, and Homeland Energy have agreed to a further extension of the completion date by which Homeland Energy Corp. must complete the repurchase of the shares of the Company's South African operations from GMR.

The extension to February 7, 2009 is expected to allow the Company to finalize an alternative commercial solution with GMR or another party. Any alternative arrangement, if agreed, will be to the economic and commercial benefit of Homeland. Homeland continues to maintain the right to repurchase the 10% holding of its South African operations with the issuance of 75,792,027 shares, at C\$0.455175 per share.

The original date of delivery was January 5, 2009 under the terms of the Share Purchase Agreement between Homeland Energy Corp., Homeland Mining & Energy SA (Pty) Limited and GMR Energy Limited. This date was extended to January 20, 2009 (see Homeland Energy's press release dated January 6, 2009) and is now being extended further to February 7, 2009. If delivered, GMR will own 33.5% of the issued and outstanding shares of Homeland Energy Group Ltd.

Short-Term Loan to Homeland by Homeland Uranium Inc.

Homeland has received a cash loan from Homeland Uranium Inc. in the amount of C\$2.5 million, at an interest rate of 10% for a term of one year, to cover the Company's short-term cash obligations. Pledged against this loan are 22,250,000 shares of Homeland Uranium owned by Homeland Energy. Homeland Energy will issue 250,000 common shares priced at \$0.20 per share to Homeland Uranium as a placement fee in respect of this transaction. The loan was approved by the independent directors of both companies.

As Homeland Energy owns approximately 39% of the issued and outstanding capital of Homeland Uranium, this transaction is a related party transaction within the meaning of Multilateral Instrument 61-101 (“MI 61-101”). The transaction is exempt from the valuation and minority shareholder approval requirements of MI 61-101 pursuant to the exemptions contained in sections 5.5(a) and 5.7(a) of MI 61-101 in that the fair market value of the transaction does not exceed 25% of Homeland Energy’s market capitalization

Kendal Colliery Operating Cash Flow Positive

Homeland Mining & Energy SA, the Company’s South African operating subsidiary, continues the ramp up of production and coal sales at the Kendal Colliery. Kendal Colliery has been generating revenue for the past six months. As part of the commissioning process all cash generated in South Africa must remain in South Africa under the obligations of the Nedbank operating loan, which security provisions are typical of this sort of facility. Once the Kendal Colliery meets commercial production status, a complete update of the operation and outlook will be provided. Current cash holdings for the group, including holdings in South Africa, are approximately \$7 million.

Homeland Energy Group Ltd. (TSX: HEG) is a coal producer with operations in 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 continues seek out interests in additional coal projects in 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 company 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.”

For further information, please contact:

Naomi Nemeth, Vice President, Investor Relations

T: +1 416 506 1979

E: nnemeth@homelandenergygroup.com

Or

Stephen Coates, President and Chief Executive Officer

T: +44 207 399 4390

E: scoates@homelandenergygroup.com

Please visit www.homelandenergygroup.com