



News Release –

Homeland Energy and GMR Energy In Discussion on Sale of South African Assets; Deadline for Delivery of Shares Extended

Toronto, Canada (February 9, 2009) - Homeland Energy Group Ltd. (TSX: HEG) ('Homeland' or 'the Company') announces that GMR Energy Ltd. of Bangalore, India ("GMR") has requested an additional extension for the completion date by which Homeland Energy Corp. must repurchase the shares of the Company's South African operations from GMR. GMR has cited the need to conclude discussions with their bankers as the reason for this extension.

Homeland and GMR are in discussion whereby GMR will purchase 100% of Homeland's South African subsidiary, Homeland Mining & Energy, SA (PTY) Ltd. (HMESA) for US\$80 million (approx. C\$98 million) less the US\$30 million (approx. C\$37 million) that GMR has invested to date. There are additional costs which GMR must bear, such as accounts receivable and surplus cash currently in the South Africa operations account, which will be settled upon closing of this transaction.

Both Homeland and GMR are actively working to complete discussions and enter into a binding agreement by February 23, 2009, at which time GMR will make an initial payment of US\$10 million (approx. C\$12.5 million). The balance payment of US\$40 million (approx. C\$49 million) will be made upon closing of the transaction and following receipt of required shareholder and regulatory approvals in Canada and in South Africa. In the event that a binding agreement is not finalized and the initial payment made by February 23, 2009, Homeland reserves the right to issue the common shares as approved by Homeland shareholders in December.

Background

On April 17, 2008, GMR acquired a 5% interest in HMESA for US\$15 million with an option to purchase an additional 5% and 40% over time. On May 6, 2008, GMR acquired

an additional 5% of HMESA for US\$15 million, bringing ownership of Homeland's South African subsidiary to 10% for a total of US\$30 million. On November 5, 2008, GMR elected not to acquire the additional 40% of HMESA as per the original agreement. Homeland Energy Corp. was required to repurchase GMR's 10% ownership in accordance with the terms of the option agreement, a value of US\$30 million payable in cash or shares of Homeland.

On November 18, 2008, Homeland gave notice to GMR that the Company intended to issue Homeland Energy Group shares at a price of approximately C\$0.455/share as a means for Homeland to regain 100% of HMESA to satisfy the repayment of GMR's US\$30 million investment for 10% of HMESA. Homeland continued discussions with GMR on alternatives to the issue of shares and on January 4 and January 20 granted extensions to the share delivery date in order to accommodate these discussions.

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."

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