



Homeland Energy Completes Share Issue to GMR of India to Retain 100% of South African Subsidiary

- **Issue of shares to GMR allows Homeland to continue to build its business in South Africa and the United States**
- **Eloff coal mining licence expected to be granted in Q1 2009**

Toronto, Canada (February 23, 2009) - Homeland Energy Group Ltd. (TSX: HEG) ('Homeland' or 'the Company') announces that it has elected to issue shares to GMR Energy Limited of Bangalore, India ("GMR") in respect of repurchasing GMR's 10% of Homeland's South African subsidiary, Homeland Mining & Energy, SA (PTY) Ltd. ("HMESA"). Effective today, Homeland will issue 75,792,027 common shares at C\$0.455175 (see Homeland press release dated January 21, 2009).

GMR indicated to Homeland a preference for ownership at the corporate level, therefore, Homeland has elected to issue shares, which allows the Company to retain 100% ownership in HMESA. With this share issue, Homeland's shares outstanding total 227,312,505. "This share issue eliminates US\$30 million in debt and allows Homeland to focus on building its business, developing its South African projects and carrying on discussions regarding the purchase of Appollo Mines and Diversified Energy in the Central Appalachian region of the United States," commented Tom Griffis, Chairman of Homeland's Board of Directors. "We will now execute on our business plan to expand Kendal with an increase in plant throughput by 45% to 180,000 tonnes per month Run of Mine (ROM) for an estimated capital cost of US\$2 million."

This expansion, expected to be completed in early 2010, would increase the amount of coal Homeland may sell into foreign and local markets, putting Homeland in a position to have 100% of its Kendal coal directed at high end coal markets. In addition, Homeland and HMESA will now continue discussions begun earlier this year with domestic and international parties for construction of a 25-75MW power generation plant at Kendal and a 250-500MW power generation plant at Eloff to supply power directly to large industrial customers. A 25MW pilot plant is planned for Kendal with a lead time of about 12 months to commercial operation date (COD). The Company anticipates that the larger

power plant at Eloff may take approximately 24 months to COD. The proposed power plant at Kendal would receive its feed from the plant discard, thus allowing HMESA to utilize 100% of its coal products from Kendal.

HMESA operates the Kendal Colliery near Delmas, Mpumalanga in South Africa in which it holds a 74% equity stake. Kendal is moving to Commercial Production following a successful commissioning process through the latter half of 2008. Currently, production is trending towards 110,000 tonnes for February, as was forecasted, with 81,000 tonnes produced as of 21 February 2009. Overall, mine production is well in line with Management's expectations. The Kendal processing facility will experience a three-week shutdown in March in order to complete planned modifications and final commissioning work.

HMESA also manages the Eloff Project, a 50/50 joint venture with local strategic partners. The mining licence for Eloff is anticipated as early as March following two years of intensive drilling, resource development, environmental and mining application work. In March, HMESA will continue to progress the Eloff Project with pre-feasibility study which is anticipated to take up to four to six months to complete.

HMESA is well financed with approximately C\$5,000,000 in cash on hand and existing Kendal operating credit of more than C\$9,000,000 (from a total line of ~ C\$18,500,000). Sales from the Kendal mine continue to range from ZAR500/t (C\$62/t) to ZAR670/t (C\$82/t) depending on the grade of coal being supplied. HMESA projects average operating costs at Kendal to be in the range of ZAR270 to ZAR290 per saleable tonne by the time the mine is up to full operational capacity.

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 227,312,505 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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