



News Release

Homeland Energy Group Enters into Exclusivity Agreement with United States Central Appalachian Coal Producer

- Positions the company for increased growth for 2009**
- Potential acquisition is in line with Homeland Energy's growth strategy**

Toronto, Canada (June 3, 2008) - Homeland Energy Group Ltd. (TSX:HEG)

('Homeland' or 'the Company') has entered into a letter agreement giving the Company an exclusive right to negotiate a binding 'purchase and sale agreement' for the purchase of a producing coal operation located in the Central Appalachian Coal Basin of the eastern United States. The Company expects this transaction, if taken to completion, to be accretive to Homeland within the first year. It would represent a material addition to the Company's current operations in southern Africa.

"We are very excited by the quality of this asset and feel confident about its fit with the company's overall strategic plan." commented Stephen Coates, President and CEO. "Increasing our production profile and diversifying geographic exposure is a key complement to our own organic growth in southern Africa."

The operations have met Homeland's preliminary due diligence requirements and as such, the Company has executed its option under the letter agreement for the exclusive right for 90 days to conduct full due diligence on the property and to complete a binding purchase and sale agreement. In consideration for this exclusive right, Homeland has made a non-refundable deposit of US\$500,000, which would go toward the purchase price.

Homeland Energy Group Ltd. is a producing coal company, traded on the Toronto Stock Exchange under the symbol "**HEG**". The company is focused on energy exploration and development in Southern Africa. Homeland owns two producing operations – the Kendal Mine near Witbank, South Africa and the Northfield site reclamation project near Dundee, South Africa as well as an advanced development coal project in South Africa (Eloff coal mining project) and a number of early-stage

exploration properties in the provinces of Mpumalanga and Kwa-Zulu Natal. The Company is currently negotiating to acquire interests in a number of additional coal properties in eastern South Africa and neighbouring countries. Homeland is also a significant shareholder in Homeland Uranium Inc., a Canadian uranium exploration and development company focused on projects in Niger and the United States, and has several other global strategic investments. Homeland Energy Group Ltd. began trading on the Toronto Stock Exchange on March 5, 2008 and currently has 151,025,267 common shares issued and outstanding.

For further information, please contact:

Naomi Nemeth, VP, Investor Relations

T: +1 416 506 1979

E: nnemeth@homelandenergygroup.com

Or

Stephen Coates, President and Chief Executive Officer

T: +44 20 7016 9881

E: scoates@homelandenergygroup.com

Please visit www.homelandenergygroup.com