

HOMELAND ENERGY GROUP LTD.

(\$1.67; HEG: TSX)

Recommendation: Speculative Buy (No Change)**Target Price:** 1-Year: \$2.15 (No change)**RECENT DEVELOPMENT: AGREEMENT WITH COAL PRODUCER**

Homeland Energy Group Ltd. recently announced that the Company intends to purchase a producing coal operation in the Central Appalachian Coal Basin of the eastern USA. Full details and disclosure are forthcoming.

The Company has paid US\$500,000 (non-refundable deposit) to enter into exclusive purchase negotiations. This amount would be applied to the purchase price (not yet disclosed).

COMMENT: *In our Initiating Report of April 21, 2008, we noted that expansion and development of the Company's presence elsewhere were among the strategic objectives of Homeland Energy. The completion of the Appalachian acquisition would not only add to Homeland's coal production, but also provide geographical diversification beyond southern Africa. Homeland Energy is also negotiating to acquire interests in additional coal properties in eastern South Africa and neighbouring countries.*

THE COMPANY

Homeland Energy is a multi-faceted energy play, with exposure to coal mining, uranium, infrastructure development and the voracious demand for energy in the southern Africa region.

RECOMMENDATION

We continue to rate the shares of Homeland Energy as a Speculative Buy with a Target Price of \$2.15.

RATINGS HISTORY

| <u>Date</u> | <u>Report Type</u> | <u>Recommendation</u> | <u>Stock Price</u> | <u>Target Price</u> |
|---------------|--------------------|-----------------------|--------------------|---------------------|
| Apr. 21, 2008 | Initiating | Speculative Buy | \$1.11 | \$2.15 |
| June 4, 2008 | Bulletin | No Change | \$1.67 | No Change |

High-Low Since Initiating: \$1.95-\$0.97.

NOTE: *eResearch reports on Homeland Energy Group Ltd. and other companies are available FREE on our website at www.eresearch.ca.*

Analysts

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