HOMELAND ENERGY GROUP LTD.

<u>MANAGEMENT DISCUSSION AND ANALYSIS</u>

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009

(All amounts stated in Canadian Dollars, unless otherwise indicated)

This Management's Discussion & Analysis and the interim audited consolidated financial statements contain certain "Forward-Looking Statements" that are prospective and reflect management's expectations regarding Homeland Energy Group Ltd's ("Homeland") future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements are not based on historical facts, but rather on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may", "could", "should" and "will" or the negatives thereof, or similar variations suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. All statements, other than statements of historical fact, included in these documents, including without limitation statements regarding potential mineralization, the quantity and quality of resources and reserves, estimates of future production, unit or operating costs, costs of capital projects, the timing of commencement of operations, exploration results and future plans and objectives of Homeland are forward-looking statements that involve various risks and uncertainties. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Homeland's expectations include, but are not limited to, failure to establish estimated resources and reserves, the quality and recovery of ore to be mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or the failure to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects, financing risks, general business and economic conditions, industry risks and other factors.

Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Homeland undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

HOMELAND ENERGY GROUP LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009

This Management's Discussion and Analysis ("MD&A") provides an analysis of the financial condition and results of operations of Homeland Energy Group Ltd. ("Homeland" or the "Company") for the three and nine months ended September 30, 2009 as compared to the comparable periods in 2008 and has been prepared as of November 9, 2009. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the three and nine months ended September 30, 2009 ("Interim Statements"), as well as the annual audited consolidated financial statements and notes thereto for the fiscal year ended December 31, 2008 ("Annual Statements"), which are available at the SEDAR website, www.sedar.com.

These Interim Statements have been reviewed by an auditor and are audited for the nine months ended, September 30, 2009. They include all material adjustments, consisting of normal and recurring items, that management considers necessary for fair presentation of the consolidated financial position, results of operations and cash flows. The company's largest shareholder, GMR Group, is now required to consolidate our financial results into GMR Group's financial statements. As a result, an audit of the company's year-to-date results was requested by GMR Group. All costs related to this interim audit are the responsibility of GMR Group.

These Interim Statements have been prepared in accordance with Canadian generally accepted principals ("GAAP") and use the same accounting policies and methods used in the preparation of the Company's most recent annual consolidated financial statements except for those described in the "Changes in Accounting Policies" section below. However, all disclosures required for annual financial statements have not been included in these financial statements. All amounts in this MD&A are expressed in Canadian Dollars, unless otherwise stated.

DESCRIPTION OF BUSINESS

Homeland is a Canadian company engaged in the acquisition, exploration and development of mineral resource properties. The Company owns a portfolio of mineral property assets or rights in South Africa and Botswana, either directly or through one of its subsidiaries. The Company's focus has been on the development of the Kendal Colliery ("Kendal"), which is currently in the pre-production operating phase, of which it owns a 74% interest. The business of the Company is the mining of coal and the production of thermal quality coal products in South Africa for domestic use in the power generation industry, domestic use in industrial product industries (such as cement and brick end products) and for export to foreign markets for energy production.

STRATEGY

Global population and economic expansion rely on power generation to fuel this growth. The need for power generation is especially critical in South Africa for business growth and the improved living conditions for many South Africans. Over the course of the past three years, Homeland has been focused on defining coal resources, advancing mine plans, and carrying out mine development, specifically at Kendal. The Company has just begun to make a positive contribution to South Africa's need for reliable energy. Homeland's goal is to become a mid-tier coal producing company with downstream coal use potential. In order to accomplish this, the Company has set out the following objectives:

- Develop the Eloff Mineral Project in South Africa;
- Explore and evaluate potential coal projects in Southern Africa and other key coal markets; and
- Consider acquisitions that have a strategic fit with existing operations.

OUTLOOK

The Company is focused on producing thermal coal and developing thermal coal deposits, in order to maximize value for its shareholders and stakeholders of its properties. Homeland intends to build upon a platform of production and cash flow established over the past three years. The growth profile of Homeland will include three primary areas of focus, which include organic growth at Kendal and the Eloff mineral deposit in Mpumalanga, South Africa, potential acquisitions of brown fields near operating assets in South Africa, and to a lesser extent, diversification of assets and cash flow outside of Southern Africa.

In the context of current world markets the Company believes that efforts are most importantly directed at the Company's core assets in South Africa. Having developed Kendal from a brown field's acquisition in 2006 through to site preparation and construction, Homeland views an increase of production at Kendal as the best use of capital in the near term.

The Company recently completed the first phase of improvements to the coal processing and washing facilities at Kendal. Further improvements and expansion are planned with completion expected to occur in the middle of 2010, allowing increased throughput with a target of 150,000 tonnes per month Run-of-Mine ("ROM"), subject to ongoing cost benefit analysis. Ultimately this will lead to increases in the amount of coal Homeland will sell into foreign and local markets, directed at high end coal markets.

The Company has and continues to be in a period of high capital costs as it develops the infrastructure required to allow the movement of mined coal from Blocks D and E to the plant. Also, it has been experiencing commissioning issues with respect to recent plant modifications at the Kendal mine. As at September 30, 2009, Ferret Coal (Kendal) (Pty) Ltd. was not in compliance with all of its externally imposed capital requirements with respect to the loan provided to it by Nedbank Limited ("Nedbank"). As a result, the Company is currently in default of its loan with Nedbank although Nedbank has not formally notified the Company that it is in default. In addition, the Company has had to negotiate agreements with certain suppliers and contractors on extending normal creditor payment terms. The Company is working with Nedbank on delaying the repayment of its debt facility and is currently considering various financing options in order to bring the loan back into good standing.

The Eloff deposit is a massive lower grade coal deposit currently in the exploration stage. Near term plans include the completion of a pre-feasibility study, discussions with landowners and potential strategic partnerships.

SUBSEQUENT EVENTS

On November 3, 2009, the Company entered into a Third Amendment (the "Amendment") to the Facility agreement with Nedbank where the lendor has agreed to waive certain defaults and extend the repayment terms with the first payment being due on December 31, 2009 and the last payment being due March 31, 2014. Nedbank has also agreed to make available an additional ZAR 25,000,000 pursuant to the Facility which had previously been withheld from the Company due to their default position, upon the successful attainment of specified operational and financial goals.

The Amendment also states that the Company is required to pay to Nedbank a waiver fee of ZAR 2,416,531 due on the date of the Amendment which fee shall be capitalized to and form part of the aggregate amount of all advances outstanding. The Company is also required to infuse by way of equity or subordinated loan an amount of ZAR 70,000,000 in its South African subsidiary by January 2010.

KENDAL COLLIERY

KENDAL COLLIERY, MPUMALANGA PROVINCE, SOUTH AFRICA

The Kendal Colliery is a moderate coal resource, currently being mined by open cast methods, and represents the first operating mine in Homeland's portfolio of assets. The project area has historically supported mining operations supplying coal to the local market. The Kendal Colliery lies in the west-central region of the Witbank Coalfield, and began processing coal in July 2008. The Colliery is located approximately 100 kilometers east of Johannesburg, and approximately six kilometres west of the town of Ogies.

MINING OPERATIONS

The Kendal Mine is subdivided into four mining blocks (B, D, E and F). Mining began with Block B in March 2008, where the strip ratio for the two present coal seams has been 4:1. Block B reserves have been mined out at the end of July 2009. A second boxcut began in Block F in August 2008, where the strip ratio has been 3.9:1. A third boxcut began in Block D in early March 2009 and will be in "steady state "mining by the end of December 2009. Mining is currently underway in both Block D and F. The Company has been working towards revising the current mine plan to incorporate the mining of Block E sooner than originally planned. The Company has completed intensive studies to determine the position of underground workings in the 4 upper coal seams in Block E. As a result, the company has been working toward revising the current mine plan to incorporate the mining of Block E sooner than originally planned. Depending on the results of the reworked mine plan and the progress of the dewatering, the Company may be able to open up Block E sooner than expected.

Several options were investigated in conjunction with external mining consultants and included boxcut positions in Block E. The mining direction was revised from a east-west direction to north-south with the boxcut located in the western limit of the reserve. This change is to optimize the higher yield areas in Block E to offset the completion of Block F which is anticipated to be by Q3 2010. A low yield area in the central portion of Block D was identified and this area will be mined in future. Mining during 2010 would focus on Block E, supplemented by Block F and Block D.

The following table outlines production for the past four quarters ending September 30, 2009:

	Q4 2008	Q1 2009	Q2 2009	**Q3 2009**
Run-of-Mine ("ROM" tonnes)	204,000	258,000	269,000	**404,092**
Feed to plant (tonnes)	194,000	206,000	232,000	**319,933**
Yield (%)	36.6	36.1	40.8	**47.9**
Product (tonnes saleable)	71,000	127,000	147,000	**153,153**
Sales (tonnes)	59,000	115,000	128,000	**172,310**
Stock (tonnes)	34,000	96,000	139,000	**204,214**

Run-of-mine production was lower than anticipated in the nine months ended September 30, 2009. Production during the third quarter improved on a month to month basis with production of 123,693, 148,940 and 131,459 for July, August and September. ROM production during the latter half of August and September progressed well and was above budget. ROM production was lower than expected in the first quarter mainly due to excessive rainfall. The Company will continue to ramp up ROM production with the goal of reaching 150,000 tonnes per month by the middle of 2010. With reference to Total stock, Run of Mine (ROM) stock is (150,205) and finished goods and saleable product stock of (54,009)

PROCESSING OPERATIONS

A number of improvements to the Kendal coal product processing facility were completed in the second and third quarters of 2009 to create greater plant efficiency and higher plant throughput. These activities included, relocation of the processing plant feeder breaker to its permanent position under the ROM bin to allow for higher levels of feed to the processing plant, installation of a new raw coal screen and cyclone product screen, and installation of a new mineral sizer and feed chute combined with the relocation of the feed conveyor system to align with the new feeder breaker and mineral sizer. Plant upgrades were completed on April 24 followed by a period of hot commissioning until May 17. Plant throughput for the quarter was negatively impacted as a result of the down time due to in-seam rock, which the feeder breaker could not properly process, thus requiring the installation of a mineral sizer properly crush and process the in-feed. Both plant

throughput and plant yield have improved on a month to month basis during the quarter with the expectation for further improvement for the remainder of the year.
Throughput and yield for July were 88,580 and 50%, for August 126,650 and 49% and for September 104,703 and 44%. Throughput during the first half of 2009 was negatively impacted as a result of the heavy rains, as it was necessary to re-screen the wet coal coming off the plant screens several times before the sizing of the coal product was acceptable for sale to the market. Also, plant downtime occurred as the crushing circuit could not handle in seam stone dilution in the Block F (2 Seam) coal being fed into the plant.

SALES

The Company engaged the services of a marketing agency during the second quarter of 2009 to assist with the sale of its coal. Sales during the third quarter improved over previous quarters but in general were negatively impacted by the interrupted supply caused by the plant upgrades, processing difficulties from the in-seam rock, noted above and commissioning and at times, product sizing did not match the desired specifications of its customers resulting in sales not being completed. Since the plant upgrades were completed, the Company has been working to achieve consistent product in the desired size ranges in order to gain the confidence of its customers and be viewed as a reliable supplier. As part of this, the Company has decided to produce only one quality of product (approximately 26.2 MJ/kg)), which will further enhance the reliability and continuity of the products produced by the mine. To date this has been well received by its customers.

HEALTH & SAFETY

For the first nine months of 2009, 25 incidents were reported, with zero non-lost time injuries ("NLTI") and one lost-time injury that were reported:

Period	Incidents	NLTI	LTI
January – December 2007	0	1	0
January – December 2008	12	4	0
January – June 2009	**20**	**0**	**0**
July – September 2009	**5**	**0**	**1**

ELOFF MINERAL PROPERTY, MPUMALANGA PROVINCE, SOUTH AFRICA

The Eloff Project is a significant coal resource, largely mineable by open cast methods, underlying predominantly farming (maize and livestock) land that has historically been considered for supplying a low grade of coal to the local power generating industry. A component of the resource could be upgraded for local industrial consumption or the export market. The Eloff Mineral Property lies in the western extremity of the Witbank Coalfield, approximately 10 kilometres to the south of the town of Delmas in Mpumalanga Province of South Africa.

Homeland, along with its joint venture partner, has secured the mineral rights to the Eloff Project by way of Prospecting Right granted by the Department of Minerals and Energy (DME) in October 2006. Homeland currently owns 50% of Eloff, with the option to acquire a further 1% for ZAR 1.00. The Company submitted an application for a mining licence in January 2008 and announced that it received formal notification from the South African Department of Mining & Energy that a Mining Right was approved for Homeland's Eloff Mineral Project during the second quarter of 2009. The project is located close to a number of current and historical mining operations. A total of 398 boreholes have been drilled to date (and rehabilitated) for a total of 24,000 metres and it is expected that an additional 20 holes (2,000 metres) will be required. Drilling was suspended in September 2008, pending review of an initial scoping study. While an independent technical report was completed by Gemecs (Pty) Ltd on April 30, 2008, inconsistencies were found in coal seam sampling procedures for certain boreholes. Therefore, Homeland undertook to complete an internal technical report omitting those boreholes from the calculation.

It is anticipated that a full Bankable Feasibility Study, including detailed beneficiation plant design, infrastructure layout, staff requirements, and capital and operating budget projections, will be undertaken after the recent scoping study has been upgraded to a pre-feasibility study. Activity regarding the Eloff property has been limited during 2009 as the Company focuses on bringing the Kendal mine into steady state production.

NORTHFIELD SITE RECLAMATION PROJECT, KWA-ZULU NATAL PROVINCE, SOUTH AFRICA

The Northfield Site Reclamation Project is a small resource of dried fine tailings resulting from the processing of coal at the now defunct Northfield Colliery. The Project lies in the north western Kwa-Zulu Natal Coalfield, and is located close to a number of defunct mining operations. The Northfield Project is located to the northwest of the town of Glencoe in Kwa-Zulu Natal Province of South Africa. Following the granting of the Mining Permit on November 27, 2007, the Company exercised its option to purchase Northfield for ZAR 12 million ($1.8 million). Homeland has a 100% interest in the Northfield Site Reclamation Project. Once the Mining Permit was awarded, site establishment commenced. Initial work included cleaning dams, fixing roads and removing alien vegetation. A weighbridge was purchased and installed, a site office erected, the mining lease area fenced and the mining and security contractors appointed. An amended environment management program report was submitted to the Department of Mines and Energy, as requested, which has been accepted along with the financial guarantees. An updated Mining Permit was awarded in August 2008.

Exploitation of the slurry dump has been delayed, however, as the initial contracted buyer for the product failed to provide the necessary financial guarantees. The Company is currently reviewing options and holding discussions with interested parties on the sale of slurry product to the domestic market

EXPLORATION PROJECTS

Homeland has a 50% interest in the following South African exploration properties. Homeland has an option to increase this interest to 51% in each company, with regulatory approval, through the payment of ZAR 1.00.

ONBEKEND

At Onbekend, a wholly-owned subsidiary of Homeland holds a prospecting license over some 2,864.2 hectares. Resource definition drilling began in 2007 and has been completed with the drilling of 134 boreholes at an average depth of 50 metres (6,700 metres in total). The target is high quality, low phosphorous metallurgical coal.

VLAKVARKFONTEIN

At Vlakvarkfontein, a wholly-owned subsidiary of Homeland holds a prospecting license over some 1,117.2 hectares. Only 25 boreholes, of a 50 borehole program, have been drilled as the Company is currently in negotiations with the surface rights owners with regard to compensation for further access to complete the drilling program. The boreholes average 50 metres in depth (1,250 metres in total) and both the 4 and 2 seams were intersected.

The qualities as received from the laboratory indicate that the coal is of similar quality to the Kendal Mine. As Vlakvarkfontein is located only approximately 13 kilometres from the Kendal Colliery, the use of the Kendal processing facility will be considered to treat this coal.

HOMELAND BOTSWANA

Homeland has established Homeland Mining and Energy Botswana (Pty) Ltd., a Botswana registered company, and in late 2007 opened an office in Gaborone. A country manager was appointed to oversee operations from an administrative and commercial perspective, and a vehicle, office furniture and equipment were purchased.

In June 2008, an Agreement was concluded giving the Company a 70% interest in Wizard Investments whose coal exploration concession is based around the village of Takotakwane, about 150 kilometres North West of Gaborone. The licence is valid until March 31, 2010, and it is possible to extend the licences twice, for two years at a time, providing the previously approved work commitment has been completed.

Based on work done by Wizard, it appears that up to 9 distinct seams are present, with a thick coal shale zone of 5 to 15 metres thick in the most prominent zone in this prospecting area. The seams are generally thin and deep occurring between 80 and 250 metres below surface. The area is vast, stretching over 100 kilometres in length and 30 kilometres in width. Drilling under the direction of Homeland commenced during October 2008, following site establishment and infra-structure development, and negotiations with land owners, village chiefs and the Department of Water.

An initial program of 12 boreholes was completed in early 2009 and the results have been received and are continuing to be evaluated to assess the economic merit of continuing the program. During the first quarter of 2009, the decision was made to suspend exploration activities in Botswana based less on early exploration results and more on global economics.

QUALIFIED PERSON

The Company's exploration and development programs are carried out under the supervision of Homeland's Chief Operating Officer, Mr. Michael Nell. Mr. Nell, a professional mining engineer, is a qualified person as defined by Canadian National Instrument 43-101 with more than 25 years of experience in the coal exploration, development and mining industry. Mr. Nell is responsible for the geo-scientific and technical disclosure contained in this document.

GMR GROUP ("GMR")

On November 4, 2008, the GMR Group ("GMR") advised the Company that it would not be exercising its option to acquire 40% of Homeland Mining & Energy SA (Pty) Ltd. ("HMESA") for USD $135,000,000 and that it had elected to exercise its right to sell the 10% of HMESA that it had already acquired back to Homeland at its original purchase price of USD $30,000,000. The Company believes that this decision was the direct result of the international economic and financial crisis of the fourth quarter of 2008.

The Company, at its election determined to settle this obligation in common shares of Homeland, at approximately $0.46 per share. The share price was calculated under the Share Purchase Agreement as the 20-day average closing price ended November 4, 2008 plus a 5% premium. Shareholders of Homeland approved the issue of 75,792,027 common shares on December 30, 2008.

Although the completion date by which the Company was to repurchase the HMESA shares was extended at the request by GMR to allow discussions to continue to explore alternative commercial solutions, on February 23, 2009 the Company issued 75,792,027 common shares of Homeland and reacquired 100% ownership in HMESA.

On March 6, 2009, Homeland issued 15,776,512 common shares to a controlled affiliate of GMR Energy Limited at a price of $0.20 per share to allow GMR to maintain its 33% holding, following the issue of common shares to Appolo to satisfy a break fee as discussed below.

APPOLO FUELS AND DIVERSIFIED ENERGY ("APPOLO")

The collapse of both the equity and credit markets in the last quarter of 2008 prevented the Company from raising the necessary finance to close the acquisition of Appolo's coal mining and marketing operations in Kentucky and Tennessee. On January 15, 2009 an agreement was reached with the vendors to extend the deadline for closing the acquisition to February 28, 2009. An extension fee of USD $1,000,000 was paid to the vendors, with an additional USD$4,000,000 payable to the vendors by February 26, 2009.

These fees effectively constituted a break fee, which did not exist in the original agreement, and limited the Company's liability under the original binding agreement to USD $5,000,000.

Failure to make the second payment would permit the vendors to elect the alternative of receiving common shares of the Company priced at $0.16 per share. If the purchase were to close, the fees paid as indicated above would be credited to the purchase price, which remained at USD $105,000,000 as originally agreed.

On March 2, 2009, Homeland issued 31,561,671 common shares at $0.16 per share to Appolo at their election. The issue of these shares satisfied the contractual break fee requirement and signified the termination of the original asset purchase agreement between Homeland and Appolo.

BOARD OF DIRECTORS AND MANAGEMENT

During the third quarter, at the annual meeting of shareholders, the jointly agreed upon slate of seven directors was nominated and elected. The Company now has a revitalized balanced board committed to advancing the Company's goals and objectives.

Also during the third quarter, the Chief Executive Officer tendered his resignation, as did the Chief Financial Officer and Vice President, Business Development. These resignations resulted in separation payments to the Chief Executive Officer of $438,000, during the third quarter, and $875,000, year to date, and to the Vice President, Business Development, $50,000 during the third quarter only. The board of directors began a search process for a new Chief Executive Officer during the third quarter, with an announcement anticipated for the fourth quarter. A director of the company assumed an acting Chief Financial Officer role due to the resignation of the Chief Financial Officer during the third quarter

RESULTS OF OPERATIONS

The Company has not reached commercial production at the Kendal project in South Africa and as a result has not recognized revenues to date. Proceeds from the sale of product less the pre-production operating costs are capitalized to mineral properties and have not been included in the statement of operations.

The net loss for the three and nine months ended September 30, 2009 was approximately $8,000,000 and $27,000,000 compared with a net loss of approximately $2,000,000 and $10,000,000 for the same periods in 2008. The loss for the quarter ended September 30, 2009, was higher by approximately $6,000,000, when compared to the previous year, primarily as a result of a loss on the sale of a non-strategic asset, the common share investment in Altona Energy Plc of $1,000,000, contractual separation payments of $500,000, higher engineering and marketing expenses, $1,000,000, and approximately $4,000,000 in realized losses and impairment and write-down provisions on certain available, and held for sale investments, namely the company's interest in Homeland Uranium Inc., and Aviva Corporation Limited.

The loss for the nine months ended September 30, 2009, was higher by approximately $17,000,000 when compared to the previous year. In addition to the items relating to the third quarter of 2009, noted above, the increased loss was augmented by the transaction termination fees due on the Appolo transaction. As previously reported, the Company entered into an agreement to acquire 100% of Appolo in August of 2008.
As a result of the deteriorating market conditions in the fall of 2008, the Company was unable toraise sufficient financing to complete the transaction. Both the Company and Appolo attempted to salvage the transaction during the first two months of 2009; however early in March 2009 Appolo terminated its agreement with the Company. Payments totalling approximately $6,300,000 were made to Appolo during the first quarter of 2009 for extension and termination fees related to the transaction.

From an operating perspective, Kendal's results have not been optimal. This is namely due to a lack of process and production efficiencies and an ineffective and costly sales process. These issues have resulted in an overall high cost of mining and can been characterized by low yield of product, multiple handling of the coal, and frequent breakdowns. As a result, an operational improvement audit was conducted during the third quarter by KPMG to identify critical areas in the value chain where efficiencies can be obtained and costs removed from the system. The audit by the KPMG team was well received by the operating management team, and they have jointly determined six distinct initiatives for overall performance improvement. Once implemented, through a cross-functional steering committee, it is anticipated significant financial benefits will be realized.

SUMMARY OF QUARTERLY RESULTS

The following quarterly information is presented in Canadian Dollars, except per share amounts:

	Sep. 30/09	Jun. 30/09	Mar. 31/09	Dec. 31/08
Revenues	-	-	-	-
Comprehensive Loss	(6,133)	(4,913)	(8,418)	(15,688)
Net Loss per Share - Basic and Diluted	(0.03)	(0.02)	(0.04)	(0.11)
Total Assets	67,778	70,118	63,665	58,074

	Sep. 30/08	Jun. 30/08	Mar. 31/08	Dec. 31/07
Revenues	-	-	-	-
Comprehensive Loss	(6,925)	(4,144)	(3,884)	(1,183)
Net Loss per Share - Basic and Diluted	(0.05)	(0.03)	(0.03)	(0.01)
Total Assets	58,584	59,107	35,431	33,715

The net loss results primarily from corporate overheads, including stock-based compensation, management and administrative expenses, and interest expenses. Income is generated through interest earned on overnight or short-term deposits. Net losses have generally increased over the past eight quarters as the Company has acquired a number of exploration properties, developed the Kendal project and generally grown the Company.

The net losses for the past few quarters have increased as a result of specific transactions, including the loan with Nedbank and the Appolo transaction, the sale of non-strategic, held for sale investments, and the impairment and write-down of certain held for sale investments due predominantly to general and continuing market weakness resulting from the economic crisis in 2008 and 2009.

Total assets have increased consistently over the past eight quarters resulting from the Company raising funds from equity investors and investing the bulk of this cash in its exploration and development properties in South Africa and Botswana, and in investments such as Homeland Uranium Inc., Aviva Corporation Ltd. and Altona Energy Plc.

EXPENDITURES ON MINERAL PROPERTIES

The Company is engaged in the acquisition, exploration and development of coal properties or deposits within South Africa and Botswana. Other than the Kendal property, the Company's projects are in the exploration stage and there can be no assurance that any of them will reach the stage of production. The recoverability of the amounts shown for mineral properties is, as noted above, dependent upon, among other factors, the existence of economically recoverable estimated mineral reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, receipt of environmental and operating permits and future profitable production or proceeds from the disposal of properties.

The Company records its interests in mineral properties and areas of geological interest at cost. Management reviews the carrying values of its mineral properties on a regular basis to determine whether any write-downs are necessary. These expenditures will be depleted over the estimated life of the properties if and when they reach commercial production or will be written down by management when it is determined that the net carrying value will not be recovered.

The following table sets forth certain information relative to the mineral properties of the Company by summarizing capitalized expenditures for the nine months ending September 30, 2009, total capitalized costs on the balance sheet as of December 31, 2008, and the percentage of the property owned. The principal mineral found on all of the properties below is coal.

	Capitalized Expenditures		Percentage
	During 2009	At Dec. 31, 2008	Owned
South Africa			
Kendal	$ 9,242,619	$ 9,319,487	74%
Eloff	180,612	2,565,556	50%
Northfield	4,208	2,426,565	100%
Vlakvarkfontein	79,201	267,030	50%
Onbekend	-	126,739	50%
Other	-	3,382	50-100%
Botswana			
Homeland Botswana	151,101	381,508	100%
	$ 9,657,741	$ 15,090,267	

With reference to the table above, during the nine months ended September 30, 2009, the Company earned preproduction revenues of ZAR 128,359,581 ($17,290,036) that have been recorded against the deferred exploration and development costs related to the Kendal project.

LIQUIDITY AND CAPITAL RESOURCES

WORKING CAPITAL

The Company had cash and cash equivalents of approximately $5,000,000 and a working capital deficit of approximately $18,000,000 at September 30, 2009, compared with cash and cash equivalents of approximately $8,000,000 and working capital of approximately $7,000,000 at December 31, 2008. As at September 30, 2009, Ferret Coal (Kendal) (Pty) Ltd. ("Kendal") was not in compliance with its externally imposed capital requirements and as a result is in default on its loan with Nedbank. As the loan is in default it can be called at any time and therefore has been presented as a current liability. This is the primary reason for the large working capital deficit. The Company has been in discussions with Nedbank and to date Nedbank has not formally notified the Company that it is in default. The Company is working with Nedbank on delaying the repayment of its debt facility and is considering various financing options to bring the loan back into good standing at which time the loan may be reclassified as a long-term liability. Please reference the Subsequent Events note, under Outlook, on page four of this MD&A.
In addition, the decrease in working capital is attributable to continued higher accounts payable and accrued liabilities of the Kendal operations as it continues to ramp up to commercial production while incurring high capital costs to develop the mine site.

Cash and cash equivalents held in South Africa cannot be repatriated to Mauritius or Canada until the Kendal Colliery satisfies the "completion tests" imposed by the terms of the Nedbank Facility. This is now not expected to occur until early 2010 as the Kendal plant continues to experience commissioning issues typical of an early stage operation.

During the quarter ended September 30, 2009, no additional amounts were drawn from the Nedbank credit facility, as the company remained in default of certain covenants. However, subsequent to September 30, 2009, the company obtained a waiver of certain covenants and a renegotiation of payment terms. Upon satisfaction of certain funding deadlines for additional initial equity on or before November 30, 2009, and a secondary equity investment by January 2010, as well as the attainment of operational and financial targets, a remaining ZAR 25,000,000 (approximately $3,500,000) of funds will become available on the facility. The Company currently does not have sufficient cash and credit available to meet its operating costs and planned capital expenditures.

OPERATING ACTIVITIES

For the three and nine months ended September 30, 2009, cash flows provided by operating activities totalled approximately $2,000,000 and cash used in of $7,000,000 compared with cash used in of approximately $200,000 and $8,000,000 for the same periods in 2008.
Cash flow from operations have varied from a consistent cash usage from cash investment in operations, to a recent cash flow provided from operations, due to the significant build up in accounts payable as evidenced by the working capital deficit noted in the above section. As the Kendal site has not yet reached commercial production all of the costs associated with its operation are capitalized to mineral properties.

INVESTING ACTIVITIES

For the three and nine months ended September 30, 2009, cash flows used in investing activities totalled approximately $2,000,000 and $9,000,000 compared with approximately $8,000,000 and cash inflows of approximately $6,000,000 for the same periods in 2008.

Investing activities in 2009 have focused on the development of the Kendal pit operations and related mine site infrastructure. These outflows were partially offset by the sale of a non-strategic asset of Altona Energy Plc. Operating activities at the Kendal mine-site are capitalized as the mine site is not yet in commercial production and are therefore classified as investing activities. These cash outflows would have been higher however certain of its regular trade payables remained outstanding at the end of September 30, 2009. The Company has negotiated agreements with certain of its suppliers and contractors to extend its normal payment terms in order to continue operations, while it considers various financing options to fund its existing cash shortfall. Toward this end, the company has provided a corporate guarantee to one of its largest suppliers, Moolmans in South Africa.

FINANCING ACTIVITIES

There was no financing activity during the third quarter of 2009.

BALANCE SHEET

ASSETS

The Company had assets totalling approximately $68,000,000 at September 30, 2009 as compared to approximately $58,000,000 at December 31, 2008. The majority of the assets relate to investments, short and long term accounts receivable, deferred exploration and development, and property and equipment and inventory totalling approximately $62,000,000 at September 30, 2009. These asset balances increased from approximately $49,000,000 at December 31, 2008. The increase was primarily related to additions to the plant assets at Kendal along with pre-production losses capitalized to mineral properties.

TOTAL LIABILITIES

The Company had total liabilities of approximately $36,000,000 at September 30, 2009 compared with liabilities of approximately $15,000,000 as at December 31, 2008. The increase resulted as the Company drew an additional amount on the Nedbank loan as described above, additional accrued interest being recorded during the period, and continued higher trade payables as the Company extended its trade terms with certain suppliers and contractors due to constraints on liquidity.

CAPITALIZATION

The Company had 274,650,688 common shares outstanding at September 30, 2009 compared to 150,270,478 common shares at December 31, 2008. The increase in the number of common shares outstanding relates to the GMR, Appolo, and other cash issuances as described above.

The Company had 5,178,375 common share purchase options outstanding at September 30, 2009. The options outstanding have a weighted average exercise price of $0.63 per option. Options are exercisable into common shares on a one-for-one basis. A total of 4,169,688 common share purchase options expired during 2009.

At December 31, 2008, the Company had 13,360,398 options and 1,909,092 warrants outstanding at weighted average exercise prices of $1.05 and $1.50 respectively.

RELATED PARTY TRANSACTIONS

Transactions with related parties are measured at the exchange amounts and for the three and nine months ended September 30, 2009 are as follows:

Homeland paid Grove Communications Inc. $50 during the three month period ending September 30, 2009 (2008 - $16,729) and $9,278 during the nine month period ending September 30, 2009 (2008 - $107,104) in fees in respect of investor relations and office administration work undertaken. The owner of Grove Communication Inc. was an officer and former director of the Company for the period ending September 30, 2009.

Grove Communications also shared office space with Homeland and contributed $nil during the three month period ending September 30, 2009 (2008 - $4,701) and $3,850 during the nine month period ending September 30, 2009 (2008 - $14,103) towards the office rent and related facilities.
With the leasing of new premises in London in 2008, Juno Special Situations Corporation, a company with which a former director and an officer of Homeland are associated, agreed to share office space. For the nine month period ended September 30, 2009 the Company had invoiced $66,058 (September 30, 2008 - $0) in rental and recoveries of costs, of which $26,638 remains outstanding. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

Expenses have been incurred to a South African company owned by a director and significant shareholder of subsidiaries of the Company for services rendered in respect of the securing and maintaining of prospecting rights totalled approximately $6,615 and $83,301 for the three and nine months ended September 30, 2009 versus $27,581 and $83,616 for the three and nine months ended September 30, 2008.

Legal services are provided by a law firm of which an officer of the Company is a partner. Homeland expensed $58,747 during the three month period ending September 30, 2009 (2008 - $83,937) and $263,554 during the nine month period ended September 30, 2009 (2008 - $211,074). Included in the accounts payable and accrued liabilities at September 30, 2009 was $35,098 (2008 - $nil) owing to this firm. The amount is unsecured, non-interest bearing, with no fixed terms of repayment.

Certain travel expenditures, totalling $50,025, incurred by GMR, but initially paid for by the Company remain outstanding at September 30, 2009. Three of the Company's directors are employees of GMR.

The Company and HUI have certain directors in common. As at September 30, 2009, the Company holds approximately 24% (December 31, 2008 – 39%) of HUI. See notes 8(a), 12(b) and 17(c) in the notes to the financial statements for September 30, 2009.

CRITICAL ACCOUNTING ESTIMATES

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the period. These estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Critical accounting estimates include the Company's estimate of the recoverable value of its mineral properties as well as the valuation of stock-based compensation.

Mineral properties are recorded at cost. All acquisition, exploration, development and related overhead expenditures are recorded as an asset on the balance sheet.

These expenditures will be depleted over the estimated life of the properties if and when they reach commercial production or will be written down by management when it is determined that the net carrying value will not be recovered. Management assesses the appropriateness of its carrying values on a regular basis.

The amount expensed for stock-based compensation is based on the application of a recognized option valuation formula, which is highly dependent on the expected volatility of the Company's common shares. The Company uses an expected volatility rate for the valuation of its stock compensation based on its past stock performance and the stock performance of other companies with similar characteristics as the Company.
Actual volatility may be significantly different. While the estimate of stock-based compensation can have a material impact on the operating results reported by the Company, it is a non-cash charge and as such has no material impact on the Company's cash position.

CHANGES IN ACCOUNTING POLICIES

The accounting policies followed in preparing these financial statements are those used by the Company as set out in the audited financial statements for the year ended December 31, 2008, except that it has adopted EIC-174 as described below. The Company is currently assessing the impact of EIC 173 and Section 1582, 1601, and 1602 as described below in the following sections:

CREDIT RISK AND THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

On January 20, 2009, the Emerging Issues Committee ("EIC") of the Canadian Accounting Standards Board ("AcSB") issued EIC Abstract 173, Credit Risk and Fair Value of Financial Assets and Financial Liabilities, which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This EIC should be applied retrospectively without restatement of prior years to all financial assets and financial liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The Company has adopted EIC-174 in these consolidated financial statements.

BUSINESS COMBINATIONS, CONSOLIDATED FINANCIAL STATEMENTS AND NON-CONTROLLING INTERESTS

In January 2009, the CICA issued Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling interests, which replace Section 1581, Business Combinations and Section 1600, Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for business combinations with acquisition dates on or after January 1, 2011.

Early adoption of this section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for fiscal years beginning on or after January 1, 2011. Early adoption of this section is permitted. If the Company chooses to early adopt any one of these sections, the other two sections must also be adopted at the same time. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

MINING EXPLORATION COSTS

On March 27, 2009, the AcSB issued EIC-174 "Mining Exploration Costs". In this EIC the Committee provided additional guidance for an enterprise that has initially capitalized exploration costs and has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The EIC should be applied to financial statements issued after March 27, 2009. The Company has adopted EIC-174 in these consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by 2011. In accordance with CSA Staff Notice 52-320, as the majority of the Company's current activities are located in South Africa, the Company currently prepares the bulk of its accounts in accordance with IFRS and then converts to Canadian GAAP. Management believes that very limited changes will be required in order to achieve full compliance with IFRS. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

FINANCIAL INSTRUMENTS

During the nine months ended September 30, 2009, the Company did not enter into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. The principal financial instruments affecting the Company's financial condition and results of operations are currently its cash and equivalents, amounts receivable, deposits and prepayments, long-term loans, and accounts payable and accrued liabilities.

The Company is subject to foreign currency exposure, as certain of its cash is retained in non-Canadian Dollar denominated instruments.

RISKS & UNCERTAINTIES

Homeland's business of acquiring, exploring and developing coal deposits involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry.

The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future.

Risks and uncertainties affecting the Company remain largely unchanged from those reported in the 2008 annual report. For a more complete description of the uncertainties and risk factors faced by the Company, please refer to the Management's Discussion and Analysis of the audited consolidated annual financial statements of the Company for the year ended December 31, 2008.

The following is a brief discussion of those distinctive or special characteristics of Homeland's operations and industry that may have a material impact on, or constitute risk factors in respect of, Homeland's financial and operating performance.

GOING CONCERN RISK

These interim consolidated financial statements for the nine months ended September 30, 2009 have been audited and prepared in accordance with Canadian GAAP on a going concern basis, which assumes that the Corporation will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. As of September 30, 2009 the Corporation had negative working capital of $18 million due largely to the deferral of payments to suppliers. The ability of the Corporation to continue as a going concern for the foreseeable future is dependent on the Corporation obtaining a source of financing in the very near term.

FINANCING RISK

Homeland has limited financial resources, currently has limited operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under its acquisition and other agreements. There is no assurance that the Company will be able to obtain adequate funding in the future, or that the terms of such financing will be favourable. Unless and until Homeland's assets reach steady state production, it will be dependent upon its ability to obtain future equity or debt funding to support exploration, evaluation and development of the properties in which it has an interest.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, and placement of debt instruments, there can be no assurance that additional funding will be available, or available under terms favourable to the Company.

Homeland's ability to raise further equity or debt finance will vary according to a number of factors, including the success of exploration results and the future development of the projects, stock market conditions and prices for coal. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

ACCESS TO LAND

Several of the Homeland tenements are exploration licences, and access to land within the tenement area is dependent upon reaching an equitable access agreement with landholders and, in the case of coal production, the acquisition or lease of freehold land or similarly reaching an equitable access agreement with landholders. Homeland may be unable to reach agreement with all landowners to enter property for intended exploration, such as drilling programs, or for mining activities on terms favourable to Homeland or at all.

NATURE OF MINERAL EXPLORATION AND DEVELOPMENT PROJECTS

The exploration for and development of coal deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of coal disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Coal exploration is speculative in nature and there can be no assurance that any coal discovered will result in an increase in the Company's resource or reserve base.

Homeland's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of coal. These include unusual and unexpected geological formations, formation pressures, fires, power failures, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment or machinery, labour disputes, or adverse weather conditions, and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Certain of Homeland's properties are in the exploration stage and at present do not have a known commercial coal deposit. Proposed prospecting programs are in some cases an exploratory search to define such a deposit and in other cases designed to increase the confidence in or expand the current coal resource estimates. The long-term profitability of Homeland's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors that are beyond the control of Homeland.

In the event Homeland is fortunate enough to define a coal deposit, the economics of commercial production depend on many factors, including the cost of operations, the size of the deposit and quality of the coal, proximity to infrastructure, financing costs and Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of coal and environmental protection.

The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial production.

Success in establishing reserves is a result of a number of factors, including the quality of management, geological and technical expertise, the quality of land available for exploration and development, the availability of suitable contractors, and other factors. Substantial expenditures are required to establish reserves through drilling, to determine the optimal metallurgical process and to construct mining and processing facilities.

Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves.

GOVERNMENTAL REGULATIONS, LICENCES AND PERMITS

The activities of Homeland, and its subsidiary and affiliated companies, are subject to government approvals and various laws and regulations governing: Black Economic Empowerment and the repatriation of funds (in South Africa), prospecting, development, land use, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local previously disadvantaged populations. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail development or production. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licences and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licences. In the event of revocation, the value of the Homeland's investments in such projects may decline.

Homeland draws on the expertise and commitment of its management team, their advisors, its employees and contractors to ensure compliance with current laws and fosters a climate of open communication and co-operation with regulatory bodies.

To the extent such approvals are required and not obtained, Homeland's planned exploration and development activities may be delayed, curtailed, or cancelled entirely.

Homeland believes that it holds, has applied for, or has the capability of applying for when appropriate all necessary licences, rights and permits under applicable laws and regulations, and believes it is presently complying in all material respects with the terms of such licences and permits. There is no assurance that future changes in such regulation, if any, will not adversely affect Homeland's operations.

In the ordinary course of business, Homeland is required to obtain or renew governmental permits for the operation and expansion of existing mining operations or for the development, construction and commencement of new mining operations.

Obtaining or renewing the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions, which often involves public hearings and costly undertakings. The duration and success of Homeland's efforts to obtain or renew permits are contingent upon many variables not within the Company's control, including the interpretation of applicable requirements implemented by the permitting authority.

Homeland may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what Homeland believes it can recover from the property once in production. Any unexpected delays or costs associated with the permitting process could delay the development or impede the operation of a mine, which could have a material adverse effect on Homeland's operations and profitability.

VOLATILITY OF COAL PRICES

The market price of coal is volatile and is affected by numerous factors that are beyond the Company's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events as well as a range of other market forces. Sustained downward movements in coal market prices could render less economic, or uneconomic, some or all of the coal extraction and/or exploration activities to be undertaken by the Company.

IMPACT OF CURRENT MARKET CONDITIONS

In the past, the Company has obtained financing through the issuance of new equity and debt financing to continue its operations until the anticipated commercial sales from the Kendal project. While it has been successful in raising funds in the past, there can be no assurance it will be able to do so in the future should funding be required, especially given the ongoing current global economic conditions and the tight credit markets.

The stock market in general, and the market for mining and exploration companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating results or asset values of those companies. These broad market and industry factors may seriously impact the market price and trading values of Homeland's common shares, regardless of actual performance.

Such an impact could either impair the Company's ability to obtain equity financing or cause significant dilution to existing shareholders.

Coal prices have performed well over the past couple of years, reaching an all-time high in the middle of 2008, largely driven by supply constraints and the escalating appetite for coal in the Far East, mainly in China and India. However, prices have retreated substantially over the past year due to a decrease in the demand for coal as the global economic crisis has taken hold, giving back virtually all of the gains achieved in the first half of 2008.

The forward price curve, while not an accurate indicator of future prices empirically, shows yearly increases through to 2011, with forecasts indicating that increases could become even stronger as India seeks to increase imports from South Africa and China once again emerges into the buying market.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

ENVIRONMENTAL CONTINGENCIES

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

MANAGEMENT CONTRACTS

The Company was a party to agreements with officers that contain change of control clauses that have been triggered pursuant to which officers are entitled to a termination payments. In certain instances a change of control is defined as inter-alia the acquisition of 30% or more of the Company's issued and outstanding shares. As a result of a previous placement of shares with GMR, parties were entitled to exercise this clause in their contract. During the quarter ended September 30, 2009, separation payments totalling $488,000 are payable subject to these agreements.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTINGENT LIABILITIES

The Company has no off-balance sheet arrangements or contingent liabilities, not already discussed above. However, during the third quarter a corporate guarantee was provided to the company from its largest mining supplier, Moolmans of South Africa, with respect to outstanding amounts owing.

DISCLOSURE CONTROL AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company has established and maintains disclosure controls and procedures over financial reporting. The Company's certifying officers have, in conjunction with the company's auditors evaluated the effectiveness of the issuer's disclosure controls and procedures as of September 30, 2009 and have concluded that such disclosure controls and procedures are adequate and effective to ensure accurate and complete disclosures in interim and annual filings.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining a system of effective internal controls over financial reporting.

The Company's internal controls over financial reporting are designed to provide reasonable assurance to the Company's management and board of directors of the reliability of the Company's financial reporting for external purposes in accordance with accounting principles generally accepted in Canada and the fair presentation of published financial statements. Internal control over financial reporting includes:

- maintaining records that in reasonable detail accurately and fairly reflect the transactions of the Company;
- providing reasonable assurance that transactions are recorded as necessary for the preparation of financial statements in accordance with Canadian GAAP;
- providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the board of directors; and
- providing reasonable assurance that the unauthorized acquisition, use or disposition of assets that could have a material effect on the Company's financial statements would be prevented or detected on a timely basis.

These audited consolidated interim financial statements have been prepared by management in accordance with Canadian GAAP and in accordance with accounting policies set out in the notes to the audited consolidated interim financial statements for the nine months ended September 30, 2009.

The certifying officers have assessed the effectiveness of the Company's internal control over financial reporting as at September 30, 2009 based on the criteria set forth in "Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission".

There have been no changes in the Company's internal control over financial reporting that occurred during the period beginning on January 1, 2009 and ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Audit Committee has direct oversight responsibilities for the review and approval of the quarterly and annual financial disclosures. The Company has qualified senior accounting personnel engaged on a full time basis to manage the Company's financial disclosures.

November 10, 2009