U.S. GEOTHERMAL INC.
(A Development Stage Company)

Interim Financial Statements
As at September 30, 2006

U.S. GEOTHERMAL INC.

(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS

(Stated in U.S. Dollars)

	Unaudited September 30, 2006	March 31, 2006
ASSETS		
Current		
Cash and cash equivalents	**$ 4,865,295**	$ 196,499
Restricted cash	**5,302,500**	19,961,890
Other current assets	**13,734**	11,429
Total Current Assets	**10,181,529**	20,169,818
Property, Plant and Equipment	**12,229,355**	1,726,115
Total Assets	**$ 22,410,884**	$ 21,895,933
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 925,817**	$ 270,831
Related party accounts payable	**-**	10,083
Total Current Liabilities	**925,817**	280,914
STOCKHOLDERS' EQUITY		
Capital Stock		
Authorized:		
100,000,000 common shares with a $0.001 par value		
Issued and Outstanding:		
43,698,844 shares at September 30, 2006 and 18,263,844 shares at March 31, 2006	**43,699**	18,264
Capital stock issuable	**-**	20,134,260
Additional paid-in capital	**27,693,619**	5,338,200
Stock purchase warrants	**-**	1,324,038
Accumulated other comprehensive income	**32,792**	32,792
Accumulated deficit before development stage	**(1,037,422)**	(1,037,422)
Accumulated deficit during development stage	**(5,247,621)**	(4,195,113)
Total Stockholders' Equity	**21,485,067**	21,615,019
Total Liabilities and Stockholders' Equity	**$ 22,410,884**	$ 21,895,933

Approved on behalf of the Board:

Director

Director

The accompanying notes are an integral part of these consolidated financial statements.

U.S. GEOTHERMAL INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Stated in U.S. Dollars)

	THREE MONTHS ENDED **SEPTEMBER 30,**		SIX MONTHS ENDED **SEPTEMBER 30,**		CUMULATIVE PERIOD FROM FEB. 26,2002 TO SEPT. 30, 2006
	2006	2005	**2006**	2005	
	(Unaudited)		(Unaudited)		(Unaudited)
Revenue	**$** -	$ -	$ -	$ -	$ -
Operating Expenses					
Consulting fees	**31,572**	4,125	**39,818**	21,079	435,709
Corporate admin and development	**124,261**	35,467	**151,565**	52,875	477,637
Exploration expenditures	-	6,244	-	32,562	440,611
Professional fees	**272,632**	467,891	**487,898**	698,012	1,451,889
Management fees	-	12,622	**10,131**	24,420	298,863
Salaries and wages	**140,058**	101,894	**297,183**	205,976	885,052
Stock based compensation	**185,994**	45,195	**624,653**	90,390	1,397,044
Travel and promotion	**99,516**	72,854	**204,563**	153,188	679,080
Loss from Operations	**(854,033)**	(746,292)	**(1,815,811)**	(1,278,502)	(6,065,885)
Other Income (Expense)					
Foreign exchange gain (loss)	**(258)**	22,722	**410,071**	118,408	421,340
Interest income	**174,270**	1,760	**353,232**	21,532	396,924
Net Loss	**$ (680,021)**	$ (721,810)	**$ (1,052,508)**	$ (1,138,562)	$ (5,247,621)
Basic And Diluted Net Loss Per Share	**$ (0.02))**	$ (0.04)	**$ (0.03)**	$ (0.07)	
Weighted Average Number Of Shares Outstanding for Basic and Diluted Calculations	**43,501,344**	17,363,755	**43,481,344**	17,363,755	
Other Comprehensive Income (Loss)					
Net loss for the period	**$ (680,021)**	$ (721,810)	**$ (1,052,508)**	$ (1,138,562)	$ (5,247,621)
Foreign currency translation adjustment	-	(1)	-	(132,470)	32,792
Total Comprehensive Loss	**$ (680,021)**	$ (721,811)	**$ (1,052,508)**	$ (1,271,032)	$ (5,214,829)

The accompanying notes are an integral part of these consolidated financial statements.

U.S. GEOTHERMAL INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in U.S. Dollars)

	THREE MONTHS SEPTEMBER 30,		SIX MONTHS SEPTEMBER 30,		FROM FEB. 26, 2002
	2006	2005	**2006**	2005	TO SEPT. 30, 2006
	(Unaudited)		(Unaudited)		(Unaudited)
Operating Activities					
Net loss for the period	**$ (680,021)**	$ (721,810)	**$ (1,052,508)**	$ (1,138,562)	$ (5,247,621)
Add: Non-cash items:					
Depreciation	**2,882**	257	**4,341**	398	7,666
Shares issued for other than cash	-	-	-	-	49,600
Stock based compensation	**185,994**	45,195	**624,653**	90,390	1,397,053
Change in non-cash working capital items:					
Accounts payable and accrued liabilities	**402,576**	62,489	**644,904**	(13,011)	679,674
Prepaid expenses	**20,258**	(138,876)	**(4,850)**	(148,674)	(11,576)
Refundable tax credit and grant receivable	**9,530**	(1,188)	**2,545**	(346)	3,660
Total Cash Provided (Used) by Operating Activities	**(58,781)**	(753,933)	**219,085**	(1,209,805)	(3,121,544)
Investing Activities					
Purchases of property, plant and equipment	**(7,222,336)**	(139,000)	**(10,507,582)**	(140,000)	(12,159,671)
Cash acquired on business combination	-	-	-	-	5,798
Total Cash Provided (Used) by Investing Activities	**(7,222,336)**	(139,000)	**(10,507,582)**	(140,000)	(12,153,873)
Financing Activities					
Issuance of share capital, net of share issue cost	**276,512**	20,339	**20,259,793**	33,347	25,410,420
Total Cash Provided by Financing Activities	**276,512**	20,339	**20,259,793**	33,347	25,410,420
Foreign Exchange Effect On Cash And Cash Equivalents	-	(1)	-	(132,470)	32,792
Increase (Decrease) In Cash And Cash Equivalents	**(7,004,605)**	(872,595)	**9,971,296**	(1,448,928)	10,167,795
Cash And Cash Equivalents, Beginning Of Period	**17,172,400**	1,380,742	**196,499**	1,957,075	-
Cash And Cash Equivalents, End Of Period	**$ 10,167,795**	508,147	**$ 10,167,795**	$ 508,147	$ 10,167,795

The accompanying notes are an integral part of these consolidated financial statements.

U.S. GEOTHERMAL INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Stated in U.S. Dollars)

	SIX MONTHS SEPTEMBER 30		FROM FEB. 26, 2002
	2006 (Unaudited)	2005 (Unaudited)	TO SEPT. 30, 2006 (Unaudited)
Supplemental Disclosure			
Taxes paid	**$** -	$ -	$ -
Interest paid	-	-	-
Non-cash investing and financing activities			
Shares issued for settlement of debt	-	-	173,639
Shares issued for professional services	-	-	49,600
Shares issued for geothermal property	-	-	77,350
Warrants issued for share issue cost	-	-	158,778

The accompanying notes are an integral part of these consolidated financial statements.

U.S. GEOTHERMAL INC.
(A Development Stage Company)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Continued)

FROM INCEPTION, FEBRUARY 26, 2002, TO SEPTEMBER 30, 2006
(Stated in U.S. Dollars)

	NUMBER OF SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	CAPITAL STOCK ISSUABLE	STOCK PURCHASE WARRANTS	ACCUM. OTHER INCOME	ACCUM. DEFICIT	TOTAL
Shares issued for cash at $0.015 per share – February 26, 2002	2,600,000	$ 2,600	$ 37,400	$ -	$ -	$ -	$ -	$ 40,000
Shares and warrants issued for Geothermal property at $0.009 – March 5, 2002	1,895,000	1,895	15,105	-	-	-	-	17,000
Balance, March 31, 2002 – U.S. Geothermal Inc. – Idaho	4,495,000	4,495	52,505	-	-	-	-	57,000
Shares issued for cash at $0.25 per share – May 28, 2002	395,000	395	98,355	-	-	-	-	98,750
Shares issued for services at $0.25 per share – May 28, 2002	5,000	5	1,245	-	-	-	-	1,250
Shares issued for cash at $0.30 per share – November 1, 2002	1,023,667	1,024	306,076	-	-	-	-	307,100
Shares issued for services at $0.30 per share – November 1, 2002	10,000	10	2,990	-	-	-	-	3,000
Shares issued for services at $0.30 per share – February 14, 2003	151,170	151	45,199	-	-	-	-	45,350
Net loss for the period	-	-	-				(164,909)	(164,909)
Balance carried forward, March 31, 2003 – U.S. Geothermal Inc. – Idaho	6,079,837	$ 6,080	$ 506,370	$ -	$ -	$ -	$ (164,909)	$ 347,541

U.S. GEOTHERMAL INC.

(A Development Stage Company)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Continued)

FROM INCEPTION, FEBRUARY 26, 2002, TO SEPTEMBER 30, 2006

(Stated in U.S. Dollars)

	NUMBER OF SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	CAPITAL STOCK ISSUABLE	STOCK PURCHASE WARRANTS	ACCUM. OTHER INCOME	ACCUM. DEFICIT	TOTAL
Balance carried forward, March 31, 2003 – U.S. Geothermal Inc. – Idaho	6,079,837	$ 6,080	$ 506,370	$ -	$ -	$ -	$ (164,909)	$ 347,541
Consolidation adjustment to the number of shares issued and outstanding as a result of the reverse take-over transaction- U.S. Geothermal Inc.- Idaho December 19, 2003	(6,079,837)	(6,080)	6,080	-	-	-	-	-
Legal parent company shares issued and outstanding at time of reverse take-over- U.S. Cobalt Inc.- December 19, 2003	2,274,616	2,275	(2,275)	-	-	-	-	-
Shares issued for acquisition of U.S. Geothermal Inc.- Idaho	6,939,992	6,940	(6,940)	-	-	-	(408,166)	(408,166)
Warrants issued for acquisition of U.S. Geothermal Inc.- Idaho	-	-	-	-	629,256	-	(629,256)	-
Shares and warrants issued for cash at a price of $0.45 per share in a private placement, net of share issue costs of $75,122 paid in cash and $25,437 paid by issuance of 83,333 agent's warrants- December 19, 2003	3,322,221	3,322	959,230	-	457,326	-	-	1,419,878
Shares and warrants issued for conversion of notes at $0.45 per share – February 20, 2004	385,864	386	123,090	-	50,162	-	-	173,638
Stock options granted	-	-	296,081	-	-	-	-	296,081
Foreign currency translation gain	-	-	-	-	-	35,792	-	35,792
Net loss for the year	-	-	-	-	-	-	(676,398)	(676,398)
Balance, March 31, 2004	12,922,693	$ 12,923	$ 1,881,636	$ -	$ 1,136,744	$ 35,792	$ (1,878,729)	$ 1,188,366

U.S. GEOTHERMAL INC.
(A Development Stage Company)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Continued)

FROM INCEPTION, FEBRUARY 26, 2002, TO SEPTEMBER 30, 2006
(Stated in U.S. Dollars)

	NUMBER OF SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	CAPITAL STOCK ISSUABLE	STOCK PURCHASE WARRANTS	ACCUM. OTHER INCOME	ACCUM. DEFICIT	TOTAL
Balance, March 31, 2004	12,922,693	$ 12,923	$ 1,881,636	$ -	$ 1,136,744	$ 35,792	$ (1,878,729)	$ 1,188,366
Shares and warrants issued for cash at a price of $0.66 in a private placement, net of share issue costs of $225,131 paid in cash and $133,341 paid by the issuance of 280,000 agent's warrants- September 17, 2004	4,000,001	4,000	1,103,082	-	1,324,038	-	-	2,431,120
Shares issued for property at a price of $0.60- February 22, 2005	100,000	100	60,251	-	-	-	-	60,351
Shares issued for stock options exercised	308,735	309	145,133	-	-	-	-	145,442
Stock options granted	-	-	295,540	-	-	-	-	295,540
Foreign currency translation gain	-	-	-	-	-	129,470	-	129,470
Net loss for the year	-	-	-	-	-	-	(1,830,421)	(1,830,421)
Balance, March 31, 2005	17,331,429	17,332	3,485,642	-	2,460,782	165,262	(3,709,150)	2,419,868
Stock options granted	-	-	180,780	-	-	-	-	180,780
Expiration of stock purchase warrants	-	-	1,061,145	-	(1,061,145)	-	-	-
Shares issued for stock options and warrants exercised	932,415	932	610,633	-	(75,599)	-	-	535,966
Foreign currency translation loss	-	-	-	-	-	(132,470)	-	(132,470)
Capital stock issuable as result of a private placement to be closed April 3, 2006	-	-	-	20,134,260	-	-	-	20,134,260
Net loss for the year	-	-	-	-	-	-	(1,523,385)	(1,523,385)
Balance, March 31, 2006	18,263,844	$ 18,264	$ 5,338,200	$ 20,134,260	$ 1,324,038	$ 32,792	$ (5,232,535)	$ 21,615,019

U.S. GEOTHERMAL INC.

(A Development Stage Company)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Continued)

FROM INCEPTION, FEBRUARY 26, 2002, TO SEPTEMBER 30, 2006

(Stated in U.S. Dollars)

	NUMBER OF SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	CAPITAL STOCK ISSUABLE	STOCK PURCHASE WARRANTS	ACCUM. OTHER INCOME	ACCUM. DEFICIT	TOTAL
Balance, March 31, 2006	18,263,844	$ 18,264	$ 5,338,200	$ 20,134,260	$ 1,324,038	$ 32,792	$ (5,232,535)	$ 21,615,019
Stock options granted			624,653					624,653
Shares issued for stock options and warrants exercised	435,000	435	435,274		(137,806)			297,903
Capital stock issued as result of a private placement closed April 3, 2006	25,000,000	25,000	20,109,260	(20,134,260)				-
Stock purchase warrants expired			1,186,232		(1,186,232)			-
Net loss for the period							(1,052,508)	(1,052,508)
Balance, September 30, 2006	43,698,844	$ 43,699	$ 27,693,619	$ -	$ -	$ 32,792	$ (6,285,043)	$ 21,485,067

The accompanying notes are an integral part of these consolidated financial statements.

U.S. GEOTHERMAL INC.
(A Development Stage Company)
(Unaudited- Prepared by Management)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2006
(Stated in U.S. Dollars)

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

When U.S. Cobalt Inc. ("GTH" or the "Company") completed a reverse take-over on December 19, 2003, the former stockholders of U.S. Geothermal Inc. ("GEO – Idaho") a company incorporated on February 26, 2002 in the State of Idaho, acquired control of GTH. In connection with the transaction, U.S. Cobalt Inc. changed its name to U.S. Geothermal Inc. and consolidated its common stock on a one new to five old basis. All references to common shares in these financial statements have been restated to reflect the roll-back of common stock.

The Company has been in the development stage since its formation and has not yet realized any revenues from its planned operations. GEO - Idaho operates for the purpose of acquiring geothermal properties and entered into an agreement with Vulcan Power Company ("Vulcan") of Bend, Oregon, U.S.A., pursuant to which it acquired a 100% interest in the Raft River Geothermal Property located in Cassia County, Idaho, U.S.A. (Note 3).

Basis of Presentation

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. These consolidated financial statements include the accounts of the following companies:

i) U.S. Geothermal Inc. (incorporated in the State of Delaware);
ii) U.S. Geothermal Inc. (incorporated in the State of Idaho);
iii) U.S. Cobalt Inc. (incorporated in the State of Colorado);
iv) Raft River Energy I LLC (incorporated in the State of Delaware);
v) US Geothermal Services, LLC (incorporated in the State of Delaware).

All inter-group transactions are eliminated on consolidation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity.

Accounting Method

The Company's financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Accounting Pronouncements- Recent

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"). This statement defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure related to the use of fair value measures in financial statements. The statement is to be effective for financial statements issued in 2008; however, earlier application is encouraged. The Company is currently evaluating the timing of adoption and the impact that adoption might have on its financial position or results of operations.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes". The interpretation clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". Specifically, the pronouncement prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on the related derecognition, classification, interest and penalties, accounting for interim periods, disclosure and transition of uncertain tax positions. The interpretation is effective for fiscal years beginning after December 15, 2006. The adoption of FIN 48 would not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In March 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 156, "Accounting for Servicing of Financial Assets—an amendment of FASB Statement No. 140." This statement requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract in any of the following situations: a transfer of the servicer's financial assets that meets the requirements for sale accounting; a transfer of the servicer's financial assets to a qualifying special-purpose entity in a guaranteed mortgage securitization in which the transferor retains all of the resulting securities and classifies them as either available-for-sale securities or trading securities; or an acquisition or assumption of an obligation to service a financial asset that does not relate to financial assets of the servicer or its consolidated affiliates. The statement also requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable and permits an entity to choose either the amortization or fair value method for subsequent measurement of each class of servicing assets and liabilities. The statement further permits, at its initial adoption, a one-time reclassification of available for sale securities to trading securities by entities with recognized servicing rights, without calling into question the treatment of other available for sale securities under Statement 115, provided that the available for sale securities are identified in some manner as offsetting the entity's exposure to changes in fair value of servicing assets or servicing liabilities that a servicer elects to subsequently measure at fair value and requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities. This statement is effective for fiscal years beginning after September 15, 2006, with early adoption permitted as of the beginning of an entity's fiscal year. Management believes the adoption of this statement will have no impact on the Company's financial condition or results of operations.

In February 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 155, "Accounting for Certain Hybrid Financial Instruments, an Amendment of FASB Standards No. 133 and 140" (hereinafter "SFAS No. 155"). This statement established the accounting for certain derivatives embedded in other instruments. It simplifies accounting for certain hybrid financial instruments by permitting fair value remeasurement for any hybrid instrument that contains an embedded derivative that otherwise would require bifurcation under SFAS No. 133 as well as eliminating a restriction on the passive derivative instruments that a qualifying special-purpose entity ("SPE") may hold under SFAS No. 140. This statement allows a public entity to irrevocably elect to initially and subsequently measure a hybrid instrument that would be required to be separated into a host contract and derivative in its entirety at fair value (with changes in fair value recognized in earnings) so long as that instrument is not designated as a hedging instrument pursuant to the statement. SFAS No. 140 previously prohibited a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. This statement is effective for fiscal years beginning after September 15, 2006, with early adoption permitted as of the beginning of an entity's fiscal year. Management believes the adoption of this statement will have no impact on the Company's financial condition or results of operations.

In May 2005, the Financial Accounting Standards Board, issued Statement of Financial Accounting Standards ("SFAS, No. 154"), "Accounting Changes and Error Corrections," which replaces Accounting Principles Board Opinion No. 20, "Accounting Changes," and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements - An Amendment of APB Opinion No. 28". SFAS No. 154 provides guidance on accounting for and reporting changes in accounting principle and error corrections. SFAS No. 154 requires that changes in accounting principle be applied retrospectively to prior period financial statements and is effective for fiscal years beginning after December 15, 2005. The Company does not expect SFAS No. 154 to have a material impact on the Company's consolidated financial position, results of operations, or cash flows.

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 153. This statement addresses the measurement of exchanges of non-monetary assets. The guidance in APB Opinion No. 29, "Accounting for Non-monetary Transactions," is based on the principle that exchanges of non-monetary assets should be measured based on the fair value of the assets exchanged. The guidance in that opinion, however, included certain exceptions to that principle. This statement amends Opinion 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This statement is effective for financial statements for fiscal years beginning after June 15, 2005. Earlier application is permitted for non-monetary asset exchanges incurred during fiscal years beginning after the date this statement is issued. Management believes the adoption of this statement will have no impact on the financial statements of the Company.

In December 2004, the Financial Accounting Standards Board issued a revision to Statement of Financial Accounting Standards No. 123R, "Accounting for Stock Based Compensation." This statement supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance. This statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. This statement does not change the accounting guidance for share based payment transactions with parties other than employees provided in

Statement of Financial Accounting Standards No. 123. This statement does not address the accounting for employee share ownership plans, which are subject to AICPA Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans." The Company has previously adopted this statement.

Asset Retirement Obligations

SFAS No. 143 "Accounting for Asset Retirement Obligations" requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time the obligations are incurred. Upon initial recognition of a liability, that cost should be capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. The Company has previously adopted this statement, with no impact to the Company's financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short term deposits with maturities of no more than ninety days when acquired. Information on restricted cash is included in Note 9.

Concentration of Risk

The Company maintains its cash in a commercial bank in Boise, Idaho, and in a commercial bank in Vancouver, British Columbia. The account in Idaho is guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. The Canadian dollar accounts in British Columbia are guaranteed by the Canadian Deposit Insurance Corporation (CIDC) up to $100,000 Canadian ($89,850 US dollars at September 30, 2006). At September 30, 2006, the Company exceeded the FDIC insured amount by approximately $10,039,302 and exceed the CIDC insured amount by approximately $17,782 US.

Consolidation of Variable Interest Entities

FASB Interpretation No. 46(R) has been reviewed for its applicability to Raft River Energy I LLC, resulting from agreements signed August 9, 2006, between U.S. Geothermal Inc. and Raft River Holdings, LLC, a subsidiary of the Goldman Sachs Group, for construction financing of Phase I of the Raft River project. To accommodate the construction financing, U.S. Geothermal sold 50% of its ownership in Raft River Energy to Raft River Holdings. The Company's review determined that Raft River Energy is a variable interest entity. As a result of the agreements, U.S. Geothermal will contribute approximately $6,400,000 in cash and property to the LLC, and Raft River Holdings will contribute $34,000,000.

As at September 30, 2006, U.S. Geothermal Inc. has contributed $5,900,000 in cash and property to the project, while Raft River Holdings has contributed $100. As a result, U.S. Geothermal has currently been designated the primary beneficiary and has consolidated Raft River Energy within the U.S. Geothermal financial statements.

As Raft River Holdings funds the continued development at Raft River through additional capital contributions in future months, Raft River Holdings will eventually become the primary beneficiary of Raft River Energy. At that time, U.S. Geothermal will record Raft River Energy under the equity method of accounting for investments in subsidiaries.

Derivative Instruments

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (hereinafter "SFAS No. 133"), as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB No. 133", and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", and SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". These statements establish accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. They require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change.

Historically, the Company has not entered into derivatives contracts to hedge existing risks or for speculative purposes.

At September 30, 2006, the Company has not engaged in any transactions that would be considered derivative instruments or hedging activities.

Earnings Per Share

The Company has adopted Statement of Financial Accounting Standard No. 128, which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity similar to fully diluted earnings per share. Although there were common stock equivalents outstanding February 28, 2006, they were not included in the calculation of earnings per share because they would have been considered anti-dilutive.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company's financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions and could have a material effect on the reported amounts of the Company's financial position and results of operations.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, refundable tax credits, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Refundable tax credit is comprised of Goods and Services Tax ("GST") which is refundable from the Government of Canada.

Foreign Currency Translation

The Company's functional currency is the U.S. dollar. Transactions in foreign currency are converted into U.S. dollars using the current method as follows:

- Monetary items at the rate prevailing at the balance sheet date;
- Non-monetary items at the historical exchange rate;
- Revenue and expenses at the average rate in effect during the applicable accounting period.

Adjustments arising from the translation of the foreign currency amounts are included as a separate component of stockholders' equity.

Foreign Operations

The accompanying balance sheet contains certain recorded Company assets (principally cash) in a foreign country (Canada). Although Canada is considered economically stable, it is always possible that unanticipated events in foreign countries could disrupt the Company's operations.

Going Concern

Based on the Company's projected spending over the next 12 months and the $20,134,260 cash received from the private placement completed April 3, 2006, the Company's auditors have removed the going concern qualification from the Company's financial statements. Management believes that sufficient funding will be available to meet its business objectives, including anticipated cash needs for working capital, and financing for construction of the phase one power plant. As shown in the accompanying consolidated financial statements, the Company has incurred an accumulated deficit of $6,285,043 for the period from February 26, 2002 to September 30, 2006, and has no revenue from operations.

Impairment of Long-Lived Assets

SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" establishes a single accounting model for long-lived assets to be disposed of by sale including discontinued operations. SFAS No. 144 requires that these long-lived assets be measured at the lower of the carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. The Company has adopted SFAS No. 144 and evaluates its long-term assets annually for impairment.

Property, Plant and Equipment

Costs of acquisition of geothermal properties are capitalized on an area-of-interest basis. Amortization of these costs will be on a unit-of-production basis, based on estimated proven geothermal reserves should such reserves be found. If an area of interest is abandoned, the costs thereof are charged to income in the year of abandonment.

The Company expenses all costs related to the development of geothermal reserves prior to the establishment of proven and profitable reserves. Other equipment is recorded at cost. Depreciation of other equipment is calculated on a straight-line basis at an annual rate of 30%.

Provision for Taxes

Income taxes are provided based upon the liability method of accounting pursuant to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," (hereinafter "SFAS No. 109"). Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the "more likely than not" standard imposed by SFAS No. 109 to allow recognition of such an asset.

At September 30, 2006, the Company had net deferred tax assets calculated at an expected rate of 34% of approximately $2,123,000 (March 31, 2006- $1,767,000) principally arising from net operating loss carry forwards for income tax purposes. As management of the Company cannot determine that it is more likely than not that the Company will realize the benefit of the net deferred tax asset, a valuation allowance equal to the net deferred tax asset was recorded at September 30, 2006. The significant components of the deferred tax asset at September 30, 2006 and March 31, 2006 were as follows:

	September 30, 2006	March 31, 2006
Net operating loss carry forward	$ 6,244,000	$ 5,196,000
Deferred tax asset	$ 2,123,000	$ 1,767,000
Deferred tax asset valuation allowance	(2,123,000)	(1,767,000)
Net deferred tax asset	$ -	$ -

At September 30, 2006, the Company has net operating loss carry forward of approximately $6,244,000 ($5,196,000 in March 31, 2006), which expire in the years 2023 through 2026. The change in the allowance account from March 31, 2006 to September 30, 2006 was $356,000.

Stock Options and Warrants Granted to Employees and Non-employees

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", defines a fair value-based method of accounting for stock options and other equity instruments. The Company has adopted this method, which measures compensation costs based on the estimated fair value of the award and recognizes that cost over the service period. For consultants, the fair value of the options is expensed in the quarter in which the option is granted. For employees, directors and officers, the fair value of the options is expensed over the eighteen month vesting period.

NOTE 3 - REVERSE TAKE-OVER

Effective December 19, 2003, GTH acquired 100% of the issued and outstanding voting shares of GEO - Idaho by issuing 6,939,992 common shares and 2,420,217 share purchase warrants, of which 2,150,309 common shares and no share purchase warrants were held in escrow as at December 31, 2005 (as at March 31, 2005, 4,243,325 common shares and 1,946,937 share purchase warrants were held in escrow). Each share purchase warrant entitled the holder to purchase one additional common share at a price of $0.75 per share until December 19, 2005. As of December 31, 2005, the 2,420,217 stock purchase warrants noted above expired without exercise. Since the transaction resulted in the former shareholders of GEO - Idaho owning the majority of the issued shares of GTH, the transaction, which is referred to as a "reverse take-over", has been treated for accounting purposes as an acquisition by GEO - Idaho of the net assets and liabilities of GTH. Under this purchase method of accounting, the results of operations of GTH are included in these financial statements from December 19, 2003. GEO - Idaho is deemed to be the purchaser for accounting purposes. Accordingly, its net assets are included in the balance sheet at their previously recorded values.

The Company determined that the share purchase warrants issued as part of the aforementioned transaction have a fair value of $629,256 as determined by using the Black-Scholes pricing model with the assumptions as stated in Note 6. The amount is considered to be additional consideration given to the former GEO - Idaho shareholders and, as such, was allocated, along with the net liabilities assumed of GTH, to accumulated deficit.

The acquisition is summarized as follows:

Current assets (including cash of $5,798)	$ 11,616
Current liabilities	(419,782)
Net liabilities assumed	$ (408,166)

The net liabilities assumed have been charged to accumulated deficit.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

GEO - Idaho entered into an agreement, as amended December 3, 2002, with the previous owner to purchase up to a 100% interest in the Raft River Geothermal Property ("the Property") located in Cassia County, Idaho, in exchange for 1,895,000 shares (the "old shares"), 1,612,000 warrants (the "old warrants") of GEO – Idaho, and up to $600,000 in cash. A condition to acquiring 100% of the Property was the completion by GEO - Idaho of at least a $200,000 work program on the Property. The old shares and old warrants were exchanged subsequent to December 31, 2002 for shares and warrants of the Company.

As of March 31, 2006, the Company has acquired a 100% interest in the Property by making cash payments totalling $250,000 in 2003, $225,000 in 2004 and $125,000 in 2005. The Company has also completed the requisite work program. In addition, the Company has paid $57,728 to acquire two purchase options on 1,083 acres of surface and water rights, and paid $949,036 to initiate construction of the Raft River Project.

During the quarter ended June 30, 2006, the Company acquired 123 acres of surface and energy rights in exchange for a cash payment of $208,413 and purchased an option to acquire 631 acre feet per annum in water rights for $15,000. The Company also acquired access to 5,409 acres of surface, mineral and geothermal rights through a lease payment of $15,000, and paid $2,976,964 in construction costs for the Phase 1 Raft River project. An additional $32,415 was paid to acquire furniture and computer equipment for the corporate and Raft River offices.

During the quarter ended September 30, 2006, the Company acquired 960 acres of surface rights in exchange for a cash payment of $984,332, completed the acquisition of 631 acre feet per annum in water rights for $138,820, and spent $61,196 for legal fees associated with acquisition of mineral rights. The Company also paid $6,038,779 in construction costs for the Phase 1 Raft River project. An additional $36,662 was paid to acquire furniture and computer equipment for the corporate and Raft River offices.

Property, plant and equipment consisted of the following at the dates shown:

	September 30, 2006	March 31, 2006
Geothermal Property (land and equipment)		
Balance, beginning of period	**$ 775,079**	$ 592,351
Shares issued	**-**	-
Cash payments	**1,422,761**	182,728
Balance, end of period	**2,197,840**	775,079
Construction in Process- Raft River Project		
Balance, beginning of period	**949,036**	-
Cash payments	**9,015,743**	949,036
Balance, end of period	**9,964,779**	949,036
Other Equipment		
Balance, beginning of period	**5,325**	5,325
Acquisitions	**69,077**	-
Balance, end of period	**74,402**	5,325
Less: Accumulated depreciation	**(7,666)**	(3,325)
Balance, end of period	**66,736**	2,000
	$12,229,355	$1,726,115

NOTE 5 - CAPITAL STOCK

The Company is authorized to issue 100,000,000 shares of common stock. All shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company.

During the quarter ended September 30, 2006, the Company issued 395,000 common shares upon the exercise of 280,000 stock purchase warrants at an exercise price of $0.85 CDN ($0.73-$0.75 U.S.), the exercise of 15,000 stock purchase warrants at an exercise price of $1.25 CDN ($0.86 U.S.), and the exercise of 100,000 options at an exercise price of $0.60 CDN ($0.54 U.S.).

During the quarter ended June 30, 2006, the Company issued 40,000 common shares upon the exercise of 40,000 options at an exercise price of $0.60 CDN ($0.53 U.S.).

On April 3, 2006, the Company completed a private placement of 25,000,000 common shares at a price of $1.00 CDN ($0.86 U.S. as of April 3, 2006). Proceeds, net of financing fees, totaled $20,134,260. Of the net proceeds, $172,370 had been received in the Company's bank accounts prior to year end. Since the subscription forms reflected a March 30, 2006 date, and the remainder of the cash was on deposit with Dundee Securities Corporation, the private placement was recorded as "Restricted Cash" and as "Capital Stock Issuable" in the financial statements at March 31, 2006.
Upon the issuance of the common shares on April 3, 2006, all cash restrictions were lifted.

During the quarter ended March 31, 2006, the Company issued 691,304 common shares upon the exercise of 378,370 options at an exercise price of $0.60 CDN ($0.51 U.S.), the exercise of 192,934 stock purchase warrants at an exercise price of $0.75 U.S., and 120,000 common shares as a signing bonus as part of an employment agreement at a deemed price of $0.72 CDN ($0.61 U.S.).

During the quarter ended December 31, 2005, the Company issued 183,333 common shares upon the exercise of 100,000 options at an exercise price of $0.60 CDN ($0.51 U.S.) and 83,333 purchase warrants at an exercise price of $0.45 U.S.

During the quarter ended September 30, 2005, the Company issued 40,000 common shares upon the exercise of 40,000 options at an exercise price of $0.60 CDN ($0.51 U.S.).

During the quarter ended June 30, 2005, the Company issued 17,778 common shares upon the exercise of 17,778 options at an exercise price of $0.90 CDN ($0.73 U.S.).

Escrow Shares and Warrants

The following common shares and share purchase warrants are in escrow at the dates shown:

	September 30, 2006	March 31, 2006
Common shares	**1,065,662**	2,150,309
Share purchase warrants	**0**	0

The escrow shares and warrants are or were held in escrow pursuant to standard requirements of the TSX Venture Exchange, which required that escrow conditions be placed upon the shares and share purchase warrants issued in conjunction with the acquisition of GEO - Idaho (Note 3) and the concurrently completed private placement (Note 5). Shares are released from escrow at six month intervals, with the last release from escrow scheduled for December 19, 2006. All stock purchase warrants previously held in escrow expired as of December 31, 2005, without exercise.

NOTE 6 - STOCK BASED COMPENSATION

The Company‘s stock option plan provides for the grant of incentive stock options for up to 4,369,884 common shares to employees, consultants, officers and directors of the Company. Options are granted for a term of up to five years from the date of grant. Stock options granted generally vest over a period of eighteen months. Since the plan has been administered by the Company’s Vancouver office and Pacific Corporate Trust Company, the Company has issued stock options with an exercise price stated in Canadian dollars per share.

During the quarter ended September 30, 2006, the Company granted 170,000 stock options to consultants and employees exercisable at a price of $1.00 CDN ($0.89 U.S.) until July 31, 2011.

During the quarter ended June 30, 2006, the Company granted 1,763,000 stock options to consultants, employees, directors and officers exercisable at prices ranging from $0.85 to $1.00 CDN ($0.77 to $0.90 U.S.) until April 12, 2011.

During the year ended March 31, 2006, the Company granted 50,000 stock options to a consultant exercisable at a price of $0.72 CDN ($0.58 U.S.).

During the year ended March 31, 2005, the Company granted 560,000 stock options to consultants, directors and officers exercisable at prices ranging from $0.72 to $0.90 CDN ($0.58 to $0.72 U.S.).

During the year ended March 31, 2004, the Company granted 1,745,000 stock options to consultants, directors and officers exercisable at a price of $0.60 CDN ($0.48 U.S.).

Compensation expense related to stock options granted is recorded at their fair value as calculated by the Black-Scholes option pricing model. For consultants, the fair value of the options is expensed in the quarter in which the option is granted. For employees, directors and officers, the fair value of the options is expensed over the eighteen month vesting period. Compensation expense of $624,653 was included for the six months ended September 30, 2006 (March 31, 2006 - $180,780).

The changes in stock options are as follows:

	NUMBER		WEIGHTED AVERAGE EXERCISE PRICE
Granted (2/4/04)	1,745,000	$	0.60 CDN
Cancelled	(422,267)		0.60 CDN
Exercised	(967,105)		0.60 CDN
Granted (11/10/04, 2/18/05, 4/19/05)	520,000		0.72 CDN
Granted (4/12/06)	1,388,000		0.85 CDN
Granted (11/10/04)	90,000		0.90 CDN
Exercised	(17,778)		0.90 CDN
Cancelled	(22,222)		0.90 CDN
Granted (4/12/06, 7/31/06)	545,000		1.00 CDN
Balance outstanding September 30, 2006	2,858,628	$	0.82 CDN

The following table summarizes information about the stock options outstanding at September 30, 2006:

OPTIONS OUTSTANDING				OPTIONS EXERCISABLE
	EXERCISE PRICE	NUMBER OF SHARES	REMAINING CONTRACTUAL LIFE (YEARS)	NUMBER OF SHARES
$	0.60CDN	355,628	2.16	355,628
	0.72CDN	520,000	3.17	507,500
	0.85 CDN	1,388,000	4.50	347,000
	0.90CDN	50,000	3.17	50,000
	1.00 CDN	545,000	4.50	136,250
$	0.82CDN	2,858,628	4.44	1,396,378

The following table summarizes information about the stock options outstanding at March 31, 2006:

OPTIONS OUTSTANDING			OPTIONS EXERCISABLE
EXERCISE PRICE	**NUMBER OF SHARES**	**REMAINING CONTRACTUAL LIFE (YEARS)**	**NUMBER OF SHARES**
$ 0.60CDN	495,628	2.76	495,628
0.72CDN	520,000	3.67	390,000
0.90CDN	50,000	3.67	37,500
$ 0.67CDN	1,065,628	3.25	923,128

The fair value of the stock options granted was estimated using the Black-Scholes option-pricing model and is amortized over the vesting period of the underlying options. The weighted average fair value of options granted was $0.89 per share. The assumptions used to calculate the fair value are as follows:

	APR. 12 2006	FEB. 18 2005
Dividend yield	**0**	0
Expected volatility	**97%**	116%
Risk free interest rate	**4.90%**	3.88%
Expected life (years)	**3.25**	5.00

Changes in the subjective input assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

Stock Purchase Warrants

As at September 30, 2006, no share purchase warrants are outstanding:

During the quarter ended September 30, 2006, stock purchase warrants representing 3,985,001 common shares at an exercise price of $1.25 CDN expired without being exercised, stock purchase warrants representing 280,000 common shares at an exercise price of $0.85 CDN were exercised, and stock purchase warrants representing 15,000 common shares at an exercise price of $1.25 CDN were exercised.

During the year ended March 31, 2006, stock purchase warrants representing 4,081,327 shares at an exercise price of $0.75 expired without exercise, stock purchase warrants representing 192,934 common shares at an exercise price of $0.75 were exercised, and stock purchase warrants representing 83,333 common shares at an exercise price of $0.45 were exercised.

The Black-Scholes option pricing model was used to determine the fair value of the warrants, with the following assumptions:

	September 16, 2004
Dividend yield	0%
Expected volatility	150%
Risk free interest rate	2.65%
Expected life	24 months

NOTE 7 - RELATED PARTY TRANSACTIONS

As at September 30, 2006 and March 31, 2006, the amounts of $0 and $10,083, respectively, are payable to directors and officers of the Company. These amounts are unsecured and due on demand.

The Company incurred the following transactions with directors, officers and a company with a common director:

	6 Months September 30, 2006	12 Months March 31, 2006
Administrative services	**$ 10,310**	$ 19,584
Director fees	**12,000**	21,500
Consulting fees	**12,000**	24,960
Legal fees	**0**	871
Rent	**0**	13,863
	$ 34,310	$ 80,778

NOTE 8 - DIFFERENCES BETWEEN CANADIAN AND U.S. GAAP

The Company's consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The material difference in respect to these financial statements between U.S. and Canadian GAAP is reflected in the recording of Property, Plant and Equipment. Under Canadian GAAP, development and exploration costs associated with the Raft River project (property lease payments, geological consulting fees, well monitoring and permitting, etc.) are recorded as a capital asset. Under U.S. GAAP, these amounts are expensed. As a result of the above, under Canadian GAAP the following line items in the consolidated balance sheets and income statements would have been presented as follows:

Consolidated Balance Sheets	**U.S. GAAP September 30, 2006**	**Canadian GAAP September 30, 2006**	**U.S. GAAP March 31, 2006**	**Canadian GAAP March 31, 2006**
Plant, Property & Equipment	$ 12,229,355	$ 12,669,966	$ 1,726,115	$ 2,166,726
Total Assets	22,410,884	22,851,495	21,895,933	22,336,544
Stockholders' Equity	21,485,067	21,925,678	21,615,019	22,055,630
Total Liabilities & Stockholders' Equity	22,410,884	22,851,495	21,895,933	22,336,544
Consolidated Statements of Operations and Comprehensive Loss	**U.S. GAAP Three Months ended September 30, 2006**	**Canadian GAAP Three Months ended September 30, 2006**	**U.S. GAAP Six Months ended September 30, 2006**	**Canadian GAAP Six Months ended September 30, 2006**
Exploration Expenditures	$ 0	$ 0	$ 0	$ 0
Loss from Operations	(854,033)	(854,033)	(1,815,811)	(1,815,811)
Net Loss	(680,021)	(680,021)	(1,052,508)	(1,052,508)

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Company has entered into several lease agreements with terms expiring up to December 1, 2034 for geothermal properties adjoining the Raft River Geothermal Property and for Neal Hot Springs. The leases provide for the following annual payments within the next five fiscal years:

2006	$ 43,850
2007	$ 40,100
2008	$ 45,400
2009	$ 50,800
2010	$ 53,800
2011	$ 50,100
Thereafter	$ 425,350

The Company has signed a 10 MW power purchase agreement with Idaho Power Company for sale of power generated from its planned phase one power plant. Sale of power generated from phase two power plants are currently under discussion. The Company has also signed a transmission agreement with Bonneville Power Administration for transmission of the electricity from this plant to Idaho Power, and from the phase two plants to other purchasers. These agreements are all contingent upon successful financing and construction of the power plant at Raft River.

On December 5, 2005, the Company signed a contract (the "Ormat EPC Agreement") with Ormat Nevada, Inc. (Ormat) for Ormat to construct a 13 MW geothermal power plant at Raft River, Idaho for a lump sum price of $20,200,000 (exclusive of taxes). The Company expects the output of the plant will be used to meet power delivery requirements of the Company's agreements with Idaho Power Company. As part of the Ormat EPC Agreement, as amended, the Company has established a $1,000,000 letter of credit with Wells Fargo Bank to collateralize amounts committed by Ormat, but not paid by the Company. The amount will increase monthly until a maximum letter of credit amount of $9,646,000 is reached. A $5,302,500 money market fund is pledged as collateral backing the letter of credit as of September 30, 2006.

The Company leases general office space for an executive office in Boise at an annual cost of $30,506. The underlying lease is a year-to-year lease that expires on January 31, 2007.

The Company was committed to issue 42,741 common shares as additional compensation for hours worked under an employment agreement with an officer of the Company, subject to approval of the TSX Venture Exchange. These shares were issued November 2, 2006.

NOTE 10 – SUBSEQUENT EVENTS

On November 21, 2006, the Company signed an amendment to the lease agreement for the general office space for an executive office in Boise. The lease has been extended until January 31, 2008 at an annual cost of $31,051.