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RAFT RIVER PROJECT UPDATE; FIRST POWER PRODUCTION EXPECTED IN FOURTH QUARTER 2007

BOISE, Idaho – July 25, 2007 (OTCBB: **UGTH**, TSX.V: **GTH**) U.S. Geothermal Inc., a renewable energy development company focused on the production of electricity from geothermal energy, announced today construction progress on its Raft River geothermal power plant in southeastern Idaho.

The construction of the Unit One, 13-megawatt power plant is under the direction of Ormat Nevada Inc., a subsidiary of Ormat Technologies Inc. (NYSE:ORA). Plant construction is proceeding on schedule and budget. This element of the Raft River project is expected to be fully functional and online in the fourth quarter of 2007.

- All major power plant equipment has been delivered to site and set on foundations.
- The prime electrical construction contract was awarded to Merit Electric Incorporated in May.
- Piping and electrical connections are proceeding on schedule.
- The control room and motor control center building has been erected and switchgear installed.
- The cooling tower is 95% complete.
- The geothermal injection pumps and motors have been set in place.
- High voltage interconnection to BPA substation with Idaho Power and Raft River Electrical Co-operative metering is nearing completion.

U.S. Geothermal is construction manager for the remainder of the project construction work outside the scope of the Ormat contract. This work includes pipelines, production pumps and certain electrical transmission activities. The first two geothermal production pumps manufactured by Goulds/ITT have been delivered to the site. A drill rig is currently on site and has installed a 29-stage, 900 horsepower production pump in production well RRG-2. The drill rig will move next to production well RRG-1 to install a 33-stage, 1000 horsepower production pump. Two more production well pumps are scheduled for delivery to the site within the next 60 days.

Pipeline completion activities and wellhead installations are in progress. DISCO Associates has delivered to production well RRG-2 the first of four containerized well control modules. Each module contains an electronic control package, cooling system, and lubrication system required to operate and monitor the pump at the production well. Hot geothermal brine from production well RRG-2 is scheduled to flow through the new geothermal pipelines to the power plant for the first time in mid-August.

The cooling water supply piping system is approximately 75% complete for initial operations, including the refurbishment of an existing 300,000 gallon storage tank, and the development of a land application system that will be used to dispose of the cooling tower blow down water. Electrical transmission work needed to connect the new geothermal power plant to the existing substation is 100% complete. New photos of the construction site and equipment are posted in the Gallery section on our website at www.usgeothermal.com and are updated regularly.

The Company has assembled a team of seven qualified technicians for the ongoing operation and maintenance of the Unit One power plant and planned future power plant units at Raft River. The team is currently on site and undergoing training and other activities associated with the finalization of the power plant construction and its planned operating procedures.

Contract negotiations with Idaho Power Company, the regulated utility owned by IDACORP (IDA:NYSE), are progressing toward the mutual goal of converting the existing power sales contract for Unit One from a limit of 10 average megawatts per month to a full output contract with an estimated annual average output of between 12 and 14 megawatts. Detailed contract negotiations are focusing on the terms and conditions specific to Idaho's first geothermal power project. Idaho Power and the Company expect to be able to use this first contract as a template for advancing negotiations for the output from the planned Unit Three at Raft River and 26 megawatts of planned production from the Company's Neal Hot Springs project located in southeast Oregon. As reported earlier, Idaho Power named U.S. Geothermal successful bidder for 45 megawatts of geothermal power from future development of Raft River and the initial phase of Neal Hot Springs.

The Company is also in the final stages of contract negotiations with Eugene Water and Electric Board ("EWEB"), Eugene Oregon, for a power purchase agreement associated with the power output from the planned 13-megawatt Unit Two at Raft River. The negotiations with Idaho Power and EWEB recognize that the power purchase agreements are subject to the parties' board approval and are contingent upon extension of the federal Production Tax Credit and successful drilling and resource discovery at Raft River and Neal Hot Springs.

About U.S. Geothermal Inc

U.S. Geothermal is a renewable energy development company that is currently developing a geothermal power project at Raft River, Idaho and conducting exploration activities at Neal Hot Springs, Oregon. The company believes Raft River is ideally located to make an important contribution to the power needs of the Pacific Northwest. U.S. Geothermal owns and leases geothermal rights of private lands, which comprise the Raft River project in Southeastern Idaho. On the basis of a report prepared by the company's independent consultant, GeothermEx Inc., of Richmond California, the site has a 50% probability of a

power production capacity of 15.6 megawatts per square mile which may translate to 100 megawatts or more.

Please visit our Website at: www.usgeothermal.com

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The information provided in this news release contains forward-looking statements within the definition of the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995, including statements regarding the nature, size and viability of the geothermal resource, the construction of power plants and the projected production date. These statements are based on U.S. Geothermal Inc.'s current expectations and beliefs and are subject to a number of risks and uncertainties that can cause actual results to differ materially from those described in forward looking statements, including the risks that financing will not be available for construction of the power plants, construction will not be completed on budget or on schedule, and the revenues generated under the power sales agreements will not prove sufficient to fund operations and/or service debt, among others. Forward-looking statements are based on management's expectations, beliefs and opinions on the date the statements are made. U.S. Geothermal Inc. assumes no obligation to update forward-looking statements if management's expectations, beliefs, or opinions, or other factors, should change.

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