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RAFT RIVER WINS U.S. DEPARTMENT OF ENERGY GRANT FOR \$9 MILLION EGS PROGRAM

BOISE, Idaho – October 14, 2008 (AMEX: **HTM**, TSX: **GTH**) U.S. Geothermal Inc. (“U.S. Geothermal”), a renewable energy company focused on the production of electricity from geothermal energy, announced today that the U.S. Department of Energy (“DOE”) has chosen U.S. Geothermal’s Raft River site in Idaho to demonstrate the viability of Enhanced Geothermal Systems (“EGS”). The Raft River EGS program totals up to \$9 million, with the DOE providing up to \$6 million as part of the cost-sharing arrangement. U.S. Geothermal will provide “in kind” contributions to the program through the use of several existing wells and technical data. The remaining team members are providing key contributions to the program. The program is designed to perform a monitored thermal stimulation of an existing injection well to improve permeability within the geologic horizon that hosts the Raft River geothermal reservoir.

U.S. Geothermal, the University of Utah, APEX Petroleum Engineering Services, and HiPoint Reservoir Imaging were selected as a team to negotiate with the DOE for work in 2009 to apply EGS stimulation techniques at Raft River.

"We believe this EGS project will have a significant impact on efforts to develop more geothermal energy from the Raft River site that might not otherwise be developed. The knowledge gained from this work at Raft River should also help to advance EGS technology and the growth of geothermal energy in the U.S.," said Daniel Kunz, U.S. Geothermal President and Chief Executive Officer. "With this important DOE funding, our industry hopes to advance the state of knowledge to realize the vast potential of EGS, which may provide America with 100,000 MW of clean, baseload power according to a recent Massachusetts Institute of Technology study."

The Raft River EGS project is one of 21 projects with up to \$78 million in funding provided by the DOE for research, development and demonstration to promote EGS.

The Technology and Site

The Raft River site was chosen for EGS development and has potential to access the typical range of production temperatures in EGS projects. Currently U.S. Geothermal has a spare injection well and several monitoring wells that can be used for the demonstration. The program will study the in-place permeability of the geologic horizon that hosts the

geothermal reservoir and then will measure the impact of thermal fracturing using three different temperatures of fluid. Fracturing can occur when cold water is injected into a well where the hot rock exists. If targeted results are not achieved after thermal fracturing, hydraulic fracturing using pressurized fluids may be studied. In each case the increase in permeability due to fracturing will be measured.

Successful completion of the DOE program at Raft River will provide key information on the future development of the Raft River resource to reduce the probability of drilling non-commercial production and injection wells. In addition the data will provide new information on the successive changes in fracturing and permeability due to increasing differences between the temperature of the in-place rock and the temperatures of the injected fluid.

Update on Raft River Unit One Power Plant

The Raft River Unit One geothermal power plant has operated at 99.9 percent availability for the past 6 months. With the arrival of cooler fall temperatures, power generation is increasing, with current production in the range of 11.0 to 11.5 megawatts net. A reverse osmosis filtering unit is being installed which is expected to significantly reduce chemical treatments costs in the cooling tower, and to reduce elevated levels of dissolved chloride from the cooling tower feed water. High chloride levels may be detrimental to the power plant condensing units. The project is also in discussions with several parties to look at the viability of cascade use of the geothermal energy including year round heating for greenhouse operations and other uses.

About U.S. Geothermal:

U.S. Geothermal is a renewable energy development company that is operating geothermal power projects at Raft River, Idaho and San Emidio, Nevada and completed testing a new well as part of its exploration activities at Neal Hot Springs in eastern Oregon.

Please visit our Website at: www.usgeothermal.com

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The information provided in this news release may contain forward-looking statements within the definition of the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995, including statements regarding potential energy resources and projects, anticipated production levels, development possibilities and drilling schedules for Raft River, San Emidio and Neal Hot Springs. 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. Readers are cautioned to review the risk factors identified by the company in its filings with Canadian and US securities agencies. Forward-looking statements are based on management's expectations, beliefs and U.S. Geothermal Inc.

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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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