



TRADING SYMBOLS:

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US GEOTHERMAL ANNOUNCES ENGAGEMENT FOR RAFT RIVER POWER PLANT PROJECT FINANCING

BOISE, Idaho, January 10, 2006 (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 that it's wholly owned subsidiary, Raft River Energy I LLC ("RRE") has engaged Dundee Securities Corporation ("Dundee") as an exclusive agent to arrange project financing for the Phase 1 Raft River geothermal power project.

Dundee is engaged on a best efforts basis to seek project financing of approximately \$35 million in construction, long term debt and project equity necessary to construct a 13.7 MW geothermal power plant. The financing is subject to definitive agreements being negotiated and approved by US Geothermal and other parties to the financing. The Dundee engagement ends on March 31, 2006, unless both parties agree to an extension. RRE has reserved a list of certain financial institutions that it has previously made contact with or was already in discussions with prior to the execution of the Dundee engagement. Success fees are payable to Dundee at financial closing, anticipated to be in the first quarter of 2006. The project financing arrangements currently under discussion with several qualified investment firms anticipate construction financing followed by a tax advantaged financing structure. The first phase of the Raft River geothermal power project is expected to qualify for the US Federal Production Tax Credits.

Phase 1 at Raft River is expected to commence power generation in early 2007. RRE recently signed a guaranteed performance, fixed price engineering, procurement and construction contract with Ormat Nevada, a subsidiary of Ormat Technologies Inc. (ORA:NYSE), for the supply of the Phase 1 geothermal power plant. The electric power is to be sold under a long-term agreement with Idaho Power Company for a monthly average net sales quantity of 10MW.

Discussions with qualified investment firms also include the prospective financing of Phase 2 at Raft River. The \$70 million Phase 2 is planned to include construction of two additional 10MW net output power plants for aggregate power generation of 30MW net output. Thereafter the development of Raft River is being planned to seek the ultimate electric power production potential of the resource that may reach a total of 100 MW or more.

About US Geothermal:

U.S. Geothermal is a renewable energy development company that is in the process of developing a geothermal power project at Raft River, Idaho. 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 approximately 1.03 square miles (660 acres) and holds the geothermal rights to an additional 7.15 square miles (4,577 acres) of private lands, which comprise the Raft River project in Southeastern Idaho. The Raft River geothermal reservoir is the site of a former US Department of Energy geothermal research facility. On the basis of a report prepared by the company's independent consultant, GeothermEx Inc., of Richmond California, which projects a power production capacity of 15.6 MW per square mile. The company believes that Raft River's energy reservoir is scalable to produce an estimated 100 MW of power from the lands currently owned or leased by the company. U.S. Geothermal has signed power sales contracts for three 10MW power plants with the Idaho Power Company, and has secured transmission for up to 36MW with the Bonneville Power Administration.

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 viability of the geothermal resource and the availability of project financing. These statements are based on US 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. Readers are cautioned to review the risk factors identified by the company in its filings with Canadian and US securities agencies.

The TSX Venture and OTC Bulletin Board Exchanges do not accept responsibility for the adequacy of this release.