

US Geothermal Inc.

TRADING SYMBOL: TSX-V: **GTH**

January 5, 2005

U.S. GEOTHERMAL SIGNS POWER PURCHASE AGREEMENT

BOISE, Idaho, January 5, 2005 (TSX V: **GTH**) – U.S. Geothermal Inc., a renewable energy development company focused on geothermal energy in the Pacific Northwest, today announced that, on December 29, 2004, it entered into a Power Purchase Agreement (“PPA”) with Idaho Power Company for the electrical output from Phase One of the Raft River geothermal power project. The 20-year contract is regulated by the Idaho Public Utilities Commission under the Public Utilities Regulatory Policies Act of 1978, and provides published electric power prices for a monthly average output of 10 megawatts (“MW”) of electric power. The contract has been submitted to the Idaho Public Utilities Commission for final approval, which is expected to take approximately 30 days.

“With the signing of this contract we are now ready to build an efficient 10 MW geothermal power plant at Raft River utilizing the existing production wells and known energy resource,” said Daniel Kunz, President & CEO of U.S. Geothermal Inc. “This transaction will commercialize Phase One of the project and set the stage for growth on both the project and corporate levels.”

The Raft River Phase One power plant is scheduled to begin power generation in mid 2006 and will receive payments under a price schedule that starts with \$51.50 per MW and increases 2.3 % annually to a maximum of \$81.25 per MW over the 20-year term of the contract. The published prices are established for electric power only. US Geothermal retains ownership of any renewable energy credits (“Green Tags” and “Carbon Credits”), and intends to market them separately, which can significantly enhance the profitability of the project.

In other news the company announces that effective December 31, 2004 Mr. Ron Bourgeois has resigned as Chief Financial Officer and Secretary. Mr. Kerry Hawkley has been named as his replacement. Mr. Hawkley has 27 years experience in accounting and business most recently as Controller of the company. He served as an accountant for Union Pacific Corporation and has had key business and accounting positions with several natural resource companies in the US.

US Geothermal is a renewable energy development company focused on geothermal energy in the Pacific Northwest. US Geothermal’s first project is the Raft River Geothermal Power Plant. Once Phase One is completed, this plant is expected to be the first geothermal power plant in Idaho and the Pacific Northwest. Raft River is scheduled to begin production of electric power in 2006, bringing customers the benefit of a clean, green, renewable energy source. The Company currently owns or leases 5.8 square miles

(15 square kilometers) of land and geothermal rights, which contain a proven energy reservoir. The Company's independent consultant, GeothermEx of Redmond California estimates the Company's existing land position could yield 90 MW of electric power. Engineering studies are currently underway to select locations for new production wells to increase power generation at Raft River.

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. 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. This news release is not for dissemination in the United States of America or to United States of America news services.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.