

U.S. Geothermal Provides Company Update

BOISE, IDAHO--(Marketwired - Jan. 26, 2015) - U.S. Geothermal Inc. (TSX:GTH)(NYSE MKT:HTM), a leading renewable energy company focused on the development, production and sale of electricity from geothermal energy, provides this update on the results of its three operating projects for the fourth quarter of 2014, and the status of development activities.

OPERATIONS

Neal Hot Springs, Oregon

All three units have been, and are operating smoothly, with fourth quarter availability of 98.3%. Total generation for the fourth quarter was 54,472 megawatt-hours, which is a result of excellent availability and low seasonal temperatures. This compares to 32,246 megawatt-hours for the third quarter, 40,629 for the second quarter, and 56,047 for the first quarter, for a total generation at Neal Hot Springs for 2014 of 183,394 megawatt-hours. This compares to 155,428 megawatt-hours of generation for 2013, reflecting an 18% increase over the prior year.

Under the terms of our Power Purchase Agreement ("PPA"), November and December generation for 2014 was paid at a seasonally adjusted price of \$123.34 per megawatt-hour, which is 120% of the 2014 average contract price, while October was paid at the average 2014 contract price of \$102.78. For 2015, the average contract price will increase from \$102.78 to \$106.79 per megawatt-hour.

San Emidio, Nevada

The plant performance was exceptional, with fourth quarter availability of 99.2%. Total generation for the fourth quarter was 21,745 megawatt hours. This compares to 18,240 megawatt-hours for the third quarter, 15,686 for the second quarter, and 21,223 for the first quarter, for a total generation for 2014 of 76,894 megawatt-hours. This compares to 76,697 megawatt-hours of generation for 2013 reflecting continued, steady state operation of the facility.

Under the terms of our PPA, generation during the quarter was paid at the price of \$91.17 per megawatt-hour. There is no seasonal adjustment under this power purchase agreement. For 2015, the contract price will increase from \$91.17 to \$92.08 per megawatt-hour.

Raft River, Idaho

The plant performance was exceptional, with fourth quarter availability of 97.3%. Total generation for the fourth quarter was 20,614 megawatt-hours, as a result of excellent availability and low seasonal temperatures. This compares to 18,501 megawatt-hours for the third quarter, 18,069 for the second quarter, and 21,614 for the first quarter, for a total generation for 2014 of 78,798 megawatt-hours. This compares to 77,560 megawatt-hours for the same period of 2013, reflecting continued steady state operation of the facility.

Under the terms of our PPA, November and December generation for 2014 was paid at a seasonally adjusted price of \$72.86 per megawatt-hour, which is 120% of the 2014 average contract price, while October was paid at the 2014 average contract price of \$60.72. For 2015, the average contract price will increase from \$60.72 to \$62.00 per megawatt-hour. In addition to the price paid for energy, Raft River currently receives \$4.75 per megawatt-hour under a separate contract for the sale of Renewable Energy Credits.

"Our operations team has done an outstanding job during the year maximizing production from all of our facilities. Our units are all performing with exceptionally high availabilities, and with output that is at or above what we had expected. The total generation from all of our units for the full year of 2014 was 339,086 megawatt-hours, compared to 309,685 megawatt-hours for the full year of 2013, reflecting a fleet wide increase of 9.5% over the prior year period," said Dennis Gilles, Chief Executive Officer of U.S. Geothermal. "As a result of this strong performance, we anticipate our projected year-end results should be at the higher end of the guidance range previously provided, and we look forward to continued excellent results for the coming year."

DEVELOPMENT

WGP Geysers, California

A new transmission interconnection agreement has been applied for to the California Independent System Operator. Engineering optimization of the power plant design continues. The current well field reservoir model is being updated to reflect a new hybrid plant design that includes both water and air cooling, which will dramatically increase the volume of water available for injection back into the reservoir. Traditional water cooled steam plants re-inject approximately 20% of the water that is removed during power generation, while a hybrid design may re-inject up to 65% of the water. This higher injection rate will provide longer term, stable steam production, and will result in increased power generation over the life of the project.

A new conditional use permit application is being prepared for submittal to local regulatory agencies to replace the current conditional use permit that expires in July. A flow testing program for the production wells is being designed and will be scheduled during the first half of the year. During the quarter we responded to RFP's from WAPA-Navy and Stanford University for renewable energy PPA's, but unfortunately neither of the bids was selected.

San Emidio Phase II, Nevada

To further define the resource and confirm that it can support the Phase II plant, two additional wells (OW-14 and OW-15) were completed on the BLM administered land. While the wells extended the high temperature outline of the South Zone, neither well encountered the commercial permeability seen in Well 61-21 (OW-10). A cross tie pipeline was installed between the San Emidio Phase I and Phase II projects. Well 61-21 was connected and is producing 620 gpm of 297°F fluid to the San Emidio Phase I power plant as part of a long term flow test of the South Zone portion of the reservoir.

San Emidio Phase I plant generation has increased approximately a half of MW. Permitting for an expanded temperature gradient drilling program is underway for an area south west of the current resource. Results from the recent OW drilling program combined with 1970s era, shallow temperature gradient data, indicate a high temperature trend into this south-west zone. Geophysical surveys have also identified structural trends in this area. Several 1,000 foot deep temperature gradient wells are being permitted to follow up on this portion of the resource.

NV Energy issued a Request for Proposal ("RFP") from NV Energy for 100 megawatts of renewable energy on October 1st. We submitted a bid for an air cooled power plant to be developed on the Phase II project site. In early December, NV Energy submitted a request to the Nevada Public Utilities Commission ("NPUC") that the 2014 solicitation be combined with the 2015 solicitation for a total of 200 megawatts to be procured in 2014. The request also allows re-submittal of any projects that had been previously

submitted for the original 2014 RFP. We plan to submit an alternative option into the new solicitation that uses a water cooled plant as the basis if the NPUC approves the request.

El Ceibillo, Guatemala

During the year we completed the drilling associated with our resource delineation program, and obtained surface leases for an additional 97 acres. A new drill pad, pond and cellar for EC-2, our planned new well, was completed. EC-2 is located on the new surface leasehold. Drilling of EC-2 is expected to begin as soon as the approval to extend the development schedule contained in the concession agreement has been obtained from the Guatemalan Ministry of Energy.

Our attempts to obtain approval of our modified development schedule from the Guatemala Ministry of Energy ("MEM") continue. Our request has been approved by the MEM legal department and is now being evaluated by the technical department. As a result of the delays in approval of the modified schedule, we requested an extension of our Memorandum of Understanding for a Power Purchase Agreement with the regional electricity broker. Our initial request was declined, but discussions are continuing regarding the terms of the memorandum and how it may be re-instated or renegotiated.

Crescent Valley, Nevada

In light of recently passed federal legislation that extended the qualification for the 30% Investment Tax Credit to projects that began construction prior to December 31, 2014, drilling of the first production well CVP-001 (67-3) was initiated in December of 2014 following completion of gravity surveys, and analysis of prior temperature gradient drilling data. The first string of production casing was set and cemented before year end, and drilling operations on Well 67-3 are continuing.

Neal Hot Springs, Oregon

A permit has been applied for to drill a water well at the Neal Hot Springs project. The water well will be tested for sustainable delivery, and if commercially successful, it would be used to support the installation of a water cooling system for the facility. The ability to use water cooling during the 5-6 months of summer and fall would increase power generation, when current air cooling results in a dramatic reduction in plant output.

Gerlach, Nevada

Drilling of well 18-10A was completed in late November. The well was drilled to a total depth of 2,889 feet, and encountered a maximum temperature of 275F.

MERGERS AND ACQUISITIONS

Our focus on M&A activities remains very active. As noted previously, the merger of Earth Power Resources ("EPR") into U.S. Geothermal was completed on December 12, 2014. The EPR acquisition adds high quality development projects to the company's pipeline, including the Crescent Valley prospect which is discussed above.

We are continuing due diligence on a number of other excellent opportunities that encompass operating projects, advanced development projects and green field opportunities.

REGULATORY UPDATE

Recent developments in the market are encouraging for the growth of renewable energy, and more specifically to geothermal energy in our opinion.

In Washington, D.C., legislation was passed by the house and senate that extended the tax credits available to new geothermal plants. Under the approved legislation, projects that began construction by December 31, 2014 would be eligible for a 30% Investment Tax Credit ("ITC"), or alternatively a 10 year Production Tax Credit ("PTC").

In California, the signing into law of AB-2363 earlier this year by the California Governor, will require the California Public Utilities Commission to establish the appropriate adders (integration cost) for each technology that must be used when evaluating bids for long term wholesale power contracts. We believe this change will add appropriate costs to wind and solar power generation due to their intermittent deliveries of power, which then should allow base load renewables like Geothermal and Biomass to compete for PPAs with Investor Owned Utilities based on a more accurate comparison of the full cost for power. That has not been the case in the past.

In the State of Nevada, in 2013 the legislature mandated that the utilities in the state must purchase 300 megawatts of renewable energy from independent power producers to replace retiring coal generation. NV Energy has issued their first of 3 Requests for Proposal for 100 MW of renewable energy. This creates a solid market of 100 MW per year for each of the next three years, which provides our company with a local option for selling power from both our existing and new projects.

"We are very pleased with our accomplishments to date, and are optimistic with the growth opportunities that lie ahead for our company and its shareholders," said Dennis Gilles, Chief Executive Officer of U.S. Geothermal Inc. "We are currently well capitalized, and with the addition of our positive cash flows from operations, are well positioned to fund internal development, and growth through strategic M&A activities, as was demonstrated this year with our Geysers and Earth Power acquisitions which we acquired without going to the market for capital."

About U.S. Geothermal Inc.:

U.S. Geothermal Inc. is a leading renewable energy company focused on the development, production and sale of electricity from geothermal energy and is operating geothermal power projects Neal Hot Springs, Oregon, San Emidio, Nevada and Raft River, Idaho. The company is currently developing a project at the Geysers, California, a second phase project at San Emidio, Nevada, a project at Crescent Valley, Nevada, and a project at El Ceibillo, in Guatemala.

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. Readers are cautioned to review the risk factors identified by the company in its filings with US and Canadian securities agencies. All statements, other than statements of historical fact, included herein, without limitation, statements relating to the future operating or financial performance of U.S. Geothermal, are forward-looking statements. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible", and similar expressions, or statements that events, conditions, or results "will", "may", "could", or "should" occur or be achieved. These forward-looking statements may include statements regarding perceived merit of properties; interpretation of the results of well tests; project development; resource megawatt capacity; capital expenditures; timelines; strategic plans; or other statements that are not statements of fact. Forward-looking statements involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from U.S. Geothermal's expectations include the uncertainties involving the availability of financing in the debt and capital markets; uncertainties involved in the interpretation of results of well tests; the need for

cooperation of government agencies in the development and operation of properties; the need to obtain permits and governmental approvals; risks of construction; unexpected cost increases, which could include significant increases in estimated capital and operating costs; and other risks and uncertainties disclosed in U.S. Geothermal's Annual Report on Form 10-K for the year ended December 31, 2013 filed with the United States Securities and Exchange Commission and Canadian securities regulatory authorities and in other U.S. Geothermal reports and documents filed with applicable securities regulatory authorities from time to time. 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. The NYSE MKT and the TSX do not accept responsibility for the adequacy of this release.

CONTACT INFORMATION

- U.S. Geothermal Inc.
Saf Dhillon
Investor Relations
866-687-7059
208-424-1030 (FAX)
saf@usgeothermal.com
www.usgeothermal.com