

## **U.S. Geothermal Inc. Begins Drilling to Increase Raft River Project Generation**

- Production Increase of 1 to 3 MW's expected

- Cash Flow Increase of \$500,000 to \$1.5 Million annually expected

**BOISE, IDAHO--(Marketwired - June 13, 2016)** - U.S. Geothermal Inc. (NYSE MKT:HTM) (the "Company") announced today that it has started drilling a second leg on existing production well RRG-2 at the Raft River project. This second production leg will be drilled out of the existing wellbore starting at approximately 3,500 feet below surface, to a planned final depth of approximately 5,600 feet. It is expected to intersect the primary production fracture zone between the original leg of Well RRG-2 and production well RRG-1. Once drilling is completed, the well will be tested and a new pump designed for the new production characteristics, will be manufactured and installed. The total project is anticipated to cost \$3 million, and the well is expected to be placed back into production during the third quarter of this year.

The Raft River Geothermal Power Plant is located in Southeast Idaho and has a design capacity of 13 net annual average megawatts. The project is currently operating at annual average of approximately 9.4 megawatts. Power from the facility is sold under a firm price, 25 year contract with the Idaho Power Company and allows for the full 13 megawatt output. Reservoir modeling indicates that the geothermal reservoir can support the full 13 megawatt contract. Additional production from this drilling could potentially increase plant output to its full contract limit.

The Company acquired from its project partner, Goldman Sachs, the majority of their cash flow interest in and ownership of the Raft River geothermal project in December 2015. US Geothermal now receives 95% of the cash flow from the project, along with all increased cash flow from project improvements. If successful the increased production from well RRG-2 is anticipated to add between 1 and 3 MW's of generation to the project, yielding between \$500,000 and \$1,500,000 of increased cash flow annually. On May 23, 2016 the Company entered into a \$20 million debt facility with a fixed interest rate of 5.8% per annum with Prudential Capital Group. Under terms of the financing agreement, the Company has the option, without obligation, to issue additional debt, up to \$50 million in aggregate within the next two years. Funds from this financing are being used for the RRG-2 drilling program, to advance our development pipeline, and for any new merger or acquisition opportunities.

"Drilling of this well, which had been planned for many years, is expected to considerably improve the profitability and cash flow from our Raft River project" said Dennis Gilles, CEO of U.S. Geothermal Inc. "The acquisition from Goldman Sachs this past December unlocked the ability to consider capital upgrades like this one that should increase output from the facility and potentially reach its design capacity of 13 megawatts."

### **About U.S. Geothermal Inc.:**

U.S. Geothermal Inc. is a leading and profitable renewable energy company focused on the development, production and sale of electricity from geothermal energy. The Company is currently operating geothermal power projects at Neal Hot Springs, Oregon, San Emidio, Nevada and Raft River, Idaho for a total power generation of approximately 45 MWs. The Company is also developing an additional estimated 90 MWs of projects at: the Geysers, California; a second phase project at San Emidio, Nevada; at Crescent

Valley, Nevada; and the El Ceibillo project located near Guatemala City, Guatemala. US Geothermal's growth strategy is to reach 200 MWs of generation by 2020 through a combination of internal development and strategic acquisitions.

For more information, please visit our website at: [www.usgeothermal.com](http://www.usgeothermal.com).

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, development schedules or estimated resources 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, 2015 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 does not accept responsibility for the adequacy of this release.

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