



TRADING SYMBOLS:

May 26, 2009

In the United States: NYSE Amex: **HTM** and in Canada: TSX: **GTH**

## **U.S. GEOTHERMAL'S NEAL HOT SPRINGS OREGON PROJECT SELECTED FOR DEPARTMENT OF ENERGY LOAN PROGRAM**

**BOISE, Idaho** – May 26, 2009 (NYSE Amex: **HTM**, TSX: **GTH**) U.S. Geothermal Inc. (“U.S. Geothermal”), a renewable energy company focused on the production and sale of electricity from geothermal energy, announced today that it has been selected by the U.S. Department of Energy (“DOE”) to enter into due diligence review on an \$85 million project loan for its Neal Hot Springs project in eastern Oregon. The DOE loan is expected to provide 80% of the \$106 million estimated total capital cost. Construction of a binary cycle power plant utilizing significantly improved technology is expected to begin in mid 2010. The new plant, designed to deliver 22 megawatts (“MW”) of power net to the grid, is scheduled to begin commercial operations in late 2011. The DOE loan is anticipated to be a combined construction and long term loan and provide the project with a low cost annual interest rate.

On February 26, 2009 U.S. Geothermal submitted an application for the Neal Hot Springs project to the DOE’s Energy Efficiency, Renewable Energy and Advanced Transmission and Distribution Solicitation loan guarantee program under Title XVII of the Energy Policy Act of 2005. The company was notified that its project application is complete, the power plant technology choice qualifies as new or improved under the program, and the project has been selected to proceed in the project loan process.

The renewable energy is expected to be sold under a long term power purchase agreement that is currently under advanced negotiations.

“Another critical milestone in the development of our project at Neal Hot Springs has been achieved and provides us with access to a source of low cost capital”, said Daniel Kunz, CEO and President of U.S. Geothermal. “As we enter into due diligence with the DOE on this important \$85 million loan we can now work to complete the balance of the project requirements necessary to construct an advanced and highly efficient geothermal power plant.”

U.S. Geothermal also announced today that it made a regular annual grant of compensation options pursuant to its Stock Option Plan to directors, employees and consultants to acquire 1,795,000 shares in capital of the company. The options are exercisable at a price of US\$0.92 per share for a term of 5 years expiring May 26, 2014. The options will vest pursuant to the schedule included in the company’s Stock Option Plan.

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

U.S. Geothermal is a renewable energy development company that is operating geothermal power plants at Raft River, Idaho and at the San Emidio Desert in Nevada. The Neal Hot Springs project in eastern Oregon is being developed and is expected to be operational in 2011. The San Emidio project is currently under development to replace the existing old power plant with a new efficient plant. U.S. Geothermal holds, through ownership or lease, geothermal rights

of lands that comprise the Raft River project in Idaho, San Emidio, Granite Ranch, and Gerlach in Nevada, and the Neal Hot Springs project in Oregon.

Please visit our Website at: [www.usgeothermal.com](http://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 drilling plans, or development possibilities at 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 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 New York Stock Exchange Amex and the Toronto Stock Exchange do not accept responsibility for the adequacy of this release.