

NEVADA GEOTHERMAL POWER INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

NEVADA GEOTHERMAL POWER INC.

CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2005

NEVADA GEOTHERMAL POWER INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	Dec 31, 2005	June 30, 2005
ASSETS		
Current		
Cash	\$ 2,996,795	\$ 1,964,047
Amounts receivable	114,376	75,686
Marketable securities	202,935	91,610
Prepaid expenses	45,321	80,135
	<u>3,359,427</u>	<u>2,211,478</u>
Equipment (Note 4)	18,958	15,229
Long-term investments	-	87,000
Resource Property Interests (Note 3)	4,680,328	4,323,758
	<u>\$ 8,058,713</u>	<u>\$ 6,637,465</u>
LIABILITIES		
Current		
Accounts payable and advances	\$ 321,940	\$ 310,436
SHAREHOLDERS' EQUITY		
Share Capital (Note 5)	13,199,385	11,267,579
Contributed Surplus (Note 6)	468,632	594,477
Deficit	(5,931,244)	(5,535,027)
	<u>7,736,773</u>	<u>6,327,029</u>
	<u>\$ 8,058,713</u>	<u>\$ 6,637,465</u>

Commitments (Note 10)

Related party transactions (Note 8)

Approved by the Directors:

“Brian D. Fairbank”

“Domenic Falcone”

See accompanying notes to the consolidated financial statements

NEVADA GEOTHERMAL POWER INC.
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

(Unaudited)

	For the Three Month Period Ended December 31,		For the Six Month Period Ended December 31,	
	2005	2004	2005	2004
Expenses				
Administration	\$ 16,625	19,400	\$ 33,152	\$ 34,618
Amortization	1,156	843	2,093	1,514
Audit	9,000	-	24,900	-
Consulting	49,401	21,482	69,646	33,302
Conventions and publishing	109,646	15,083	125,188	50,609
Foreign exchange	(493)	11,851	9,818	(3,025)
Insurance	12,500	-	25,000	-
Investor relations and shareholder information	9,291	30,685	38,704	64,332
News dissemination	15,129	9,302	20,015	19,878
Legal	23,922	12,998	31,129	34,088
Office and sundry	16,910	12,178	24,750	15,365
Rent and telephone	14,892	8,006	25,660	13,900
Stock-based compensation	-	23,736	2,806	47,473
Transfer agent and regulatory fees	8,298	10,465	16,432	22,147
Travel and business development	29,438	15,808	50,966	30,040
Wages	15,017	-	15,017	-
Loss Before The Following	330,732	191,837	515,276	364,241
Other loss (income)				
Interest income	(16,793)	(3,943)	(30,212)	(8,102)
Loss on disposal of market securities	3,000	-	3,000	-
Option proceeds in excess of mineral property costs	(18,222)	-	(18,222)	-
Unrealized (gain) on marketable securities	(26,513)	-	(73,625)	-
Loss For The Period	272,204	187,894	396,217	356,139
Deficit, Beginning Of Period	5,659,040	4,395,039	5,535,027	4,226,794
Deficit, End Of Period	5,931,244	\$ 4,582,933	\$ 5,931,244	\$ 4,582,933
Loss Per Share, Basic and diluted	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.02
Weighted Average Number Of Shares Outstanding	33,217,982	24,249,536	32,356,363	23,443,594

See accompanying notes to the consolidated financial statements

NEVADA GEOTHERMAL POWER INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Three Month Period Ended December 31,		For the Six Month Period Ended December 31,	
	2005	2004	2005	2004
Cash Flows From Operating Activities				
Loss for the period	\$ (272,204)	\$ (187,594)	\$ (396,217)	\$ (356,139)
Items not involving cash flows:				
Stock-based compensation	-	23,736	2,806	47,473
Amortization	1,156	843	2,093	1,514
Unrealized loss on marketable securities	(26,513)	-	(73,625)	-
Loss on sale of marketable securities	3,000	-	3,000	-
Adjustments to reconcile net income (loss) to net cash used in operating activities				
(Increase) decrease in amounts receivable	(7,832)	18,243	(38,690)	332,390
Increase in prepaid expenses	23,360	6,575	34,814	10,352
(Decrease) in accounts payable	(220,362)	(347,767)	11,504	(168,309)
	<u>(499,395)</u>	<u>(486,264)</u>	<u>(454,315)</u>	<u>(132,719)</u>
Cash Flows From Investing Activities				
Resource property costs	(142,309)	(422,739)	(356,570)	(996,908)
Proceeds from disposal of marketable securities	46,300	-	46,300	-
Acquisition of capital assets	(2,927)	(1,274)	(5,822)	(1,274)
	<u>(98,936)</u>	<u>(424,013)</u>	<u>(316,092)</u>	<u>(998,182)</u>
Cash Flows From Financing Activities				
Shares issued for cash	28,000	104,086	1,803,155	981,217
	<u>28,000</u>	<u>104,086</u>	<u>1,803,155</u>	<u>981,217</u>
Increase In Cash	570,331	(806,191)	1,032,748	(149,684)
Cash, Beginning Of Period	3,567,126	1,640,936	1,964,047	984,429
Cash, End of Period	\$ 2,996,795	\$ 834,745	\$ 2,996,795	\$ 834,745

See accompanying notes to the consolidated financial statements

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2005
(unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

The accompanying consolidated financial statements for the interim periods ended December 31, 2005 and 2004, are prepared on the basis of accounting principles generally accepted in Canada and are unaudited. In the opinion of management, these statements incorporate all adjustments (consisting of normal recurring accruals) necessary for fair presentation of the financial position, operations and changes in financial results for the interim periods presented. The consolidated financial statements for the interim periods are not necessarily indicative of the results to be expected for the full year. These consolidated financial statements do not contain the detail or footnote disclosure concerning accounting policies and other matters, which would be included in full year financial statements, and therefore should be read in conjunction with the Company's consolidated audited financial statements for the year ended June 30, 2005.

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain economically recoverable geothermal resources. The recoverability of the amounts shown for resource properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assume the realization of assets and discharge of liabilities in the normal course of business. As at December 31, 2005, the Company has a working capital of \$3,037,487, and has incurred losses totalling \$5,659,040.

The Company's ability to continue as a going concern is dependent upon successful completion of additional financing, and upon its ability to attain profitable operations. Management intends to seek further funds through public offerings and private placements to finance its ongoing exploration activities. These consolidated financial statements do not give effect to any adjustments that would be necessary should the Company not be able to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Consolidation

These financial statements include the accounts of the Company and its wholly-owned subsidiaries, Nevada Geothermal Power Company ("NGPC") (formerly Noramex Corp.), incorporated in the State of Nevada, U.S.A and Blue Mountain Power Company Inc., incorporated in the Province of British Columbia, Canada. All significant inter-company balances and transactions have been eliminated.

Accounting for companies acquired by the purchase method of accounting include the results of those companies from the date of acquisition.

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2005
(unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Resource Property Costs

Costs of acquisition and exploration of resource properties are capitalized on an area-of-interest basis. Amortization of these costs will be on a unit-of-production basis, based on estimated proven geothermal resources of the areas should such reserves be found. If an area of interest is abandoned the costs thereof are charged to income in the year of abandonment.

The Company does not accrue the estimated future costs of maintaining its resource interests in good standing. The amounts shown for resource properties and deferred exploration costs represent costs to date and do not necessarily reflect present or future values.

c) Option Payments Received

Option payments received are treated as a reduction of the carrying value of the related resource property costs and the balance, if any, is taken into income.

d) Marketable securities

Marketable securities in which the Company owns up to 20% of the issued common shares are accounted for at the lower of cost and market value. Marketable securities which are subject to a hold period in excess of one year are classified as long-term investments and recorded at cost, unless a permanent impairment in value has been determined, at which time they are written down to market value.

e) Equipment and amortization

Equipment is recorded at cost and is depreciated over its useful life by the declining balance method at the following rates:

Computer equipment	30%
Office equipment	20%

The carrying value of equipment is reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value is determined by management based on estimates of undiscounted future cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges, when indicated, are recorded in the reporting period in which determination of impairment is made by management.

f) Stock Based Compensation

The Company follows the recommendations of CICA Handbook Section 3870 – “Stock Based Compensation and Other Stock Based Payments” to record stock based transactions with officers, directors, and outside consultants. Accordingly, the fair value of

NEVADA GEOTHERMAL POWER INC.
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

stock options is charged to operations or resource property costs as appropriate, with an offsetting credit to contributed surplus. The fair value of stock options which vest immediately is recorded at the date of grant and the fair value of options which vest in the future is recognized on a straight-line basis over the vesting period. Any consideration received on exercise of stock options together with the related portion of contributed surplus is credited to share capital.

g) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

h) Basic and Diluted Loss Per Share

The Company uses the treasury stock method for computing diluted loss per share. This method assumes that any proceeds attained upon exercise of options or warrants, would be used to purchase common shares at the average market price during the period. The effects of applying the treasury stock method to the Company's loss per share is anti-dilutive. Therefore, basic and diluted losses per share are equal for the periods presented.

i) Income Taxes

Income taxes are calculated using the liability method of accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. Future income tax liabilities or assets are calculated using the tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The Company has not recognized any future benefit amount as the criteria for recognition has not been met.

j) Foreign Currency Translation

The financial statements of the 100% owned U.S. subsidiary have been translated using the temporal method whereby the assets and liabilities are translated at the year end exchange rate, capital accounts at the historical exchange rate, and revenues and expenses at the average exchange rate for the period. Foreign exchange gains and losses resulting from these transactions are reflected in the consolidated statement of loss and deficit.

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2005
(unaudited)

3. RESOURCE PROPERTY INTERESTS

The acquisition and exploration costs of the Company's properties are as follows:

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
Blue Mountain Geothermal Project – Nevada, USA	\$ 4,451,215	\$ 3,437,727
Pumpnickel Valley Geothermal Project – Nevada, USA	-	54,405
Black Warrior Peak Project – Nevada, USA	80,548	45,538
Crump Geyser Project – Oregon, USA	148,565	-
	<u>\$ 4,680,328</u>	<u>\$ 3,537,670</u>

a) Blue Mountain Geothermal Project, Nevada

NGPC holds a 100% leasehold interest on certain lands located in Humboldt County, Nevada. The leasehold interest entitles the Company to explore, develop and produce any geothermal resources located on the properties. The Company also has the option to purchase the freehold interest, consisting of four square miles out of a total of the twelve square miles of the leasehold interest. The property interests are subject to production royalties ranging from 1.5% to 3.5% on sales of electrical power, and 5% to 10% from sale proceeds of direct energy.

The following costs have been incurred on the project:

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
Deferred exploration		
Property leases, permits and regulatory	\$ 10,185	\$ 6,017
Assaying	-	13,848
Geological and geophysical	172,729	358,667
Drilling	-	554,539
Feasibility study	23,778	-
Road maintenance	-	93,102
Camp supplies	13,008	91,393
Water rights	4,031	-
U.S. Department of Energy grant	-	(184,965)
Costs incurred during the period	<u>223,731</u>	<u>932,601</u>
Balance, beginning of period	<u>4,227,484</u>	<u>2,505,126</u>
Balance, end of period	<u>\$ 4,451,215</u>	<u>\$ 3,437,737</u>

NEVADA GEOTHERMAL POWER INC.
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FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2005
(unaudited)

3. RESOURCE PROPERTY INTERESTS (Continued)

b) Pumpnickel Valley Geothermal Project, Nevada

On February 20, 2004, Nevada Geothermal Power Inc. entered into a geothermal lease agreement with Newmont USA Limited, covering five square miles of geothermal land located in north-central Nevada approximately ten miles from Newmont's Lone Tree Mine. The Company has also filed lease applications on an additional four sections of federal land for total leasehold of nine square miles (5,671 acres).

The Newmont lease grants the Company the exclusive right to drill for, produce, extract, take and remove all products of geothermal processes including steam and other gases, hot water, hot brines, bi-products and heat energy (collectively referred to as "substances") along with surface and water rights, subject to Nevada law. The Company will pay rentals of \$2/acre for the first two years and \$3/acre thereafter, with all rental payments creditable to royalties due upon production. The Company will pay royalties from any geothermal production of:

- 3½% of gross proceeds from electrical power sales (less taxes and transmission costs);
- 5% of the gross proceeds from the sale of any substances in an arm's length transaction;
- 2% of the gross proceeds from the sale of or manufacture there-from of bi-products; and
- 10% of net profits from the use of substances at a commercial facility other than an electric power generating facility (such as a vegetable drying/processing facility).
- Substances or electrical power used by the Company for operations at an on-site electrical generating plant or other commercial facilities are not subject to royalties.

In October 2004, the Company announced that Invision Solutions Inc. (ISI) will finance up to \$5-million (CDN) in exploration and development expenditures on the Pumpnickel Geothermal Project under an option agreement to earn a 50% joint-venture interest. In order to earn its interest, ISI must complete \$5-million (CDN) in project expenditures, make \$120,000 in cash payments and issue 600,000 shares to the Company over a five-year period.

In addition, NGPC, has been awarded a US Department of Energy (DOE) cost sharing contract signed on October 13, 2004 whereby the DOE will fund 80% of an initial field evaluation program at the Pumpnickel Project. The NGPC/DOE joint program will include an advanced technology, three-dimensional "E-SCAN" resistivity survey to map the deep geothermal resource waters and six temperature gradient drill holes to 250 metres to test the E-SCAN interpretation. The DOE cost share is US\$592,272 of the total budget of US\$740,340. ISI will cover NGPC's cost share obligation of US\$148,068 out of the first year work commitment. NGPC will manage the DOE sponsored work.

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2005
(unaudited)

3. RESOURCE PROPERTY INTERESTS (Continued)

b) Pumpnickel Valley Geothermal Project, Nevada (Continued)

The following costs have been incurred on the project:

	December 31,	
	2005	2004
Deferred exploration		
Assaying	\$ 2,289	\$ -
Camp and field supplies	48,524	562
Drilling	279,924	-
Geological and geophysical	174,893	10,241
Property leases, permits and regulatory	1,486	7,966
Reports and maps	27,130	-
Road construction	5,516	-
U.S. Department of Energy grant (recovery)	(385,655)	-
Inovision Solutions funding and option payments (recovery)	(169,266)	-
Costs incurred during the period	(15,159)	18,769
Balance, beginning of period	15,159	35,636
Balance, end of period	\$ -	\$ 54,405

c) Black Warrior Peak, Nevada,

In fiscal 2005, NGPC acquired 20 km² (8 mi²) of private land and two sections of federal geothermal lease for a total land area of 26 km² (10 mi²) south and east of Black Warrior peak, Washoe county, Nevada. The leases are on private land and are subject to a 3.5% royalty on gross revenue from electricity sales, however, the Company can purchase the royalty for US\$1-million. Leases include surface and water rights.

The following costs have been incurred on the project:

	December 31,	
	2005	2004
Acquisition		
Lease payments	\$ 12,847	\$ 12,001
Deferred exploration		
Camp costs and field supplies	2,323	2,851
Geological and geophysical	5,369	30,686
Costs incurred during the period	20,539	45,538
Balance, beginning of period	60,009	-
Balance, end of period	\$ 80,548	\$ 45,538

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2005
(unaudited)

3. RESOURCE PROPERTY COSTS (Continued)

d) Crump Geyser, Oregon

On August 1, 2005, NGPC leased 28km² (11 mi²) of geothermal land located in south east Oregon. The leases are on private land and are subject to a 3.5% royalty of the gross revenues from the availability, sale or use of electricity.

The following costs have been incurred on the properties:

	December 31,	
	2005	2004
Acquisition		
Lease payments	\$ 17,133	\$ -
Deferred exploration		
Assaying	-	-
Camp costs and field supplies	18,581	-
Geological and geophysical	91,745	-
Costs incurred during the year	127,459	-
Balance, beginning of period	21,106	-
Balance, end of period	\$ 148,565	\$ -

4. EQUIPMENT

	Dec 31,	June 30,
	2005	2005
	(unaudited)	(audited)
Computer equipment	\$ 26,788	\$ 23,861
Office equipment	19,538	16,643
Accumulated depreciation	46,326	40,504
Net book value	27,368	25,275
	\$ 18,958	\$ 15,229

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2005
(unaudited)

5. SHARE CAPITAL

- a) Authorized: 100,000,000 common shares - no par value
25,000,000 first preferred shares - no par value
25,000,000 second preferred shares - no par value

b) Common Shares Issued

	<u>SHARES</u>	<u>AMOUNT</u>
Balance, June 30, 2004	22,189,084	\$ 7,474,528
For cash		
Private placements, net of financing costs	5,000,000	2,718,900
Options exercised	437,000	136,950
Warrants exercised	1,776,988	845,342
Rounding adjustment	2	-
Options exercised – stock option valuation	-	91,859
Balance, June 30, 2005	29,403,074	11,267,579
For cash		
Options exercised	633,000	208,940
Warrants exercised	3,188,430	1,594,215
Options exercised –stock option valuation	-	128,651
Balance, December 31, 2005	<u>33,224,504</u>	<u>\$ 13,199,385</u>

During the year ended June 30, 2005, the Company completed a private placement and issued 3,500,000 units at a price of \$0.65 per unit for proceeds of \$2,275,000 before issue costs of \$244,046. Each unit consisted of one common share and one share purchase warrant. One whole warrant entitles the holder to purchase one common share at a price of \$1.00 per share for a two-year period. The Company granted 280,000 compensation options as a finder's fee in connection with this private placement offering.

During the year ended June 30, 2005, the Company completed a private placement and issued 1,500,000 units at a price of \$0.50 per unit for proceeds of \$750,000 before issue costs of \$62,054. Each unit consisted of one common share and one share purchase warrant. One whole warrant entitles the holder to purchase one common share at a price of \$0.80 per share for a two-year period.

During the period ended December 31, 2005, the Company issued 633,000 shares from the exercise of stock options at various prices, and issued 3,188,430 shares from the exercise of warrants at a price of \$0.50 per warrant.

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2005
(unaudited)

5. SHARE CAPITAL (continued)

c) Stock Options

As at December 31, 2005, the following share purchase options were outstanding:

EXERCISE PRICE	NUMBER OUTSTANDING AT DECEMBER 31, 2005	REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT DECEMBER 31, 2005
\$ 0.28	593,000	2.61	\$ 0.28	593,000
0.35	180,000	3.16	0.35	180,000
0.50	95,000	3.46	0.50	95,000
0.54	397,000	3.76	0.54	397,000
0.55	100,000	0.24	0.55	75,000
0.65	280,000	1.22	0.65	280,000
0.90	50,000	4.96	0.90	-
	<u>1,695,000</u>	<u>2.54</u>	<u>\$ 0.45</u>	<u>1,620,000</u>

A summary of the changes in stock options for the periods ending June 30, 2005 and December 31, 2005 is presented below:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Balance, June 30, 2004	1,835,000	\$ 0.30
Granted	880,000	0.58
Exercised	(437,000)	0.31
Balance, June 30, 2005	2,278,000	0.41
Granted	50,000	0.90
Exercised	(633,000)	0.33
Balance December 31, 2005	<u>1,695,000</u>	<u>\$ 0.45</u>

NEVADA GEOTHERMAL POWER INC.
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5. SHARE CAPITAL (continued)

d) Share Purchase Warrants

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, June 30, 2004	5,091,208	\$ 0.49
Issued	5,000,000	0.94
Exercised	(1,776,988)	0.48
Expired	(125,790)	0.36
Balance, June 30, 2005	8,188,430	0.77
Exercised	(3,188,430)	0.50
Balance, December 31, 2005	<u>5,000,000</u>	<u>\$ 0.94</u>

Share purchase warrants outstanding at December 31, 2005:

NUMBER OF SHARES	EXERCISE PRICE	EXPIRY DATE
<u>1,500,000</u>	<u>\$ 0.80</u>	September 23, 2006
<u>3,500,000</u>	<u>1.00</u>	March 22, 2007
<u>5,000,000</u>	<u>\$ 0.94</u>	

e) Escrow Shares

As at December 31, 2005, there are 1,332,600 shares held in escrow which are to be released over a three year period ending July 23, 2006.

NEVADA GEOTHERMAL POWER INC.
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(unaudited)

6. CONTRIBUTED SURPLUS

	December 31,	
	2005	2004
Balance, beginning of period	\$ 594,477	\$ 351,272
Compensation options granted	2,806	47,473
Stock options exercised	(128,651)	(20,602)
Balance, end of period	\$ 468,632	\$ 378,143

7. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable, marketable securities, and accounts payable. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risk arising from these financial instruments. The fair value of the financial instruments approximates their carrying value.

8. RELATED PARTY TRANSACTIONS

Transactions in the normal course of business with directors, companies controlled by directors or companies with directors in common were as follows:

	December 31,	
	2005	2004
Fees for administrative and professional services	\$ 46,565	\$ 53,938
Fees for geological services	317,298	374,178
Amounts included in accounts payable	74,748	137,474

The amounts included in accounts payable are non-interest bearing and have no fixed terms of repayment.

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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9. INCOME TAXES

The Company has non-capital losses available for income tax purposes totaling approximately CDN\$3,168,000 and US\$1,799,000, which may be carried forward to reduce future year's taxable income. The criteria for recognizing these potential future tax benefits as an asset have not been met.

Losses for Canadian tax purposes expire as follows:

2006	\$	215,000
2007		238,000
2008		184,000
2009		293,000
2010		456,000
2014		454,000
2015		1,005,000
2016		<u>323,000</u>
	\$	<u>3,168,000</u>

Losses for US tax purposes expire as follows:

2023	US\$	40,000
2025		325,000
2026		1,153,000
2027 and thereafter		<u>281,000</u>
	US\$	<u>1,799,000</u>

10. COMMITMENTS

- a) On October 1, 2005 the Company entered into an agreement for the provision of management services. Compensation under the agreement is \$5,000 per month for an initial term of six months and renewed semi-annually until rescinded.
- b) On October 1, 2005 the Company entered into an agreement for the provision of management and technical services. Compensation under the agreement is US\$8,833 per month for an initial term of one year. The agreement may be renewed for further one year terms upon the mutual agreement of the parties.
- c) The Company has entered into operating leases for premises and geothermal resources. The minimum annual commitments in each of the next five years and thereafter are as follows:

2006	\$	191,496
2007		226,616
2008		306,954
2009		445,964
2010		486,802
2011 and thereafter		<u>2,115,474</u>
Total payments		<u>\$3,773,306</u>

NEVADA GEOTHERMAL POWER INC.
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FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2005
(unaudited)

10. COMMITMENTS – CONT'D

- d) On December 16, 2005, the Company entered into an agreement for the provision of investor relations services. Compensation under the agreement is \$5,000 per month for an initial term of twelve months. The Company will issue 50,000 options exercisable at \$0.90 on signing, at three-month intervals thereafter with a maximum issue of 200,000 options.
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11. SUBSEQUENT EVENTS

- a) On January 10, 2006, NGPC entered into a lease agreement obtaining the geothermal rights to an additional 640 acres at the Blue Mountain Project, Humboldt County, Nevada.
- b) On January 12, 2006, the Company entered into a contract for the provision of management and technical services from a company controlled by a director and an officer. Compensation under the agreement is \$9,000 per month for an initial term of twelve months. The contract commenced December 1, 2005 and is to be renewed annually until rescinded.
- c) On January 12, 2006, the Company entered into a contract for the provision of technical and geological services from a company controlled by a director and an officer. Compensation under the agreement varies according to the services provided. The contract commenced January 1, 2006 and is to be renewed annually until rescinded.
- d) On January 16, 2006, the Company entered into a lease agreement for 640 acres adjoining to the Blue Mountain Property. Lease payments are US\$2,560 per year with an initial payment of US\$2,560. The property is subject to a production royalty of 3% of the gross revenue from the availability, sale or use of electricity from an electrical power plant built on or utilizing geothermal resources from the property. Minimum work commitment on the property shall be US\$100,000 for a five year period.
- e) On January 18, 2006, the Company granted 1,898,000 stock options to certain directors, officers, employees and consultants. The options are exercisable at a price of \$0.90 per share for a period of five years and are subject to a four-month hold.