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NEVADA GEOTHERMAL POWER

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

MARCH 31, 2009
(Expressed in US Dollars)

(UNAUDITED)

NEVADA GEOTHERMAL POWER INC.
CONSOLIDATED BALANCE SHEETS
(Expressed in US Dollars)
(Unaudited)

	March 31, 2009	June 30, 2008
ASSETS		
Current		
Cash and cash equivalents	\$ 4,382,781	\$ 11,473,360
Amounts receivable	176,346	143,638
Marketable securities (Note 5)	60,255	180,640
Prepaid expenses	71,609	134,580
	4,690,991	11,932,218
Restricted Cash (Note 13)	18,595,436	674,452
Property, Plant And Equipment (Note 6)	76,543,247	18,561,283
Interests In Geothermal Properties (Note 7)	80,976,840	50,250,926
	\$ 180,806,514	\$ 81,418,879
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 17,278,065	\$ 10,540,410
Deferred construction amounts payable (Note 8)	7,344,365	-
	24,622,430	10,540,410
Loan (Note 9)	109,360,237	20,903,323
Cash Settled Option (Note 9)	1,818,740	-
Asset Retirement Obligation (Note 10)	1,317,101	1,054,645
	137,118,508	32,498,378
SHAREHOLDERS' EQUITY		
Share Capital (Note 11)	54,090,364	53,936,713
Contributed Surplus (Note 11)	4,189,273	4,020,807
Accumulated Other Comprehensive (Loss) Income	277,352	37,795
Deficit	(14,868,983)	(9,074,814)
	43,688,006	48,920,501
	\$ 180,806,514	\$ 81,418,879

Commitments (Note 13)

Subsequent Events (Note 15)

Approved on behalf of the Board of Directors:

"Brian Fairbank"

Director

"Domenic Falcone"

Director

The accompanying notes are an integral part of these consolidated financial statements.

NEVADA GEOTHERMAL POWER INC.
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
(Expressed in US Dollars)
(Unaudited)

	For the Three Month Period		For the Nine Month Period	
	Ended March 31,		Ended March 31,	
	2009	2008	2009	2008
Operating Expenses				
Accounting and audit	\$ 13,583	517	\$ 123,738	\$ 34,350
Administration	236,649	242,582	718,279	561,983
Accretion of asset retirement obligation	19,482	5,203	58,446	15,707
Amortization	25,564	18,558	68,297	40,432
Change in fair value of cash settled option	(118,591)	-	59,239	-
Consulting fees	63,251	50,615	330,397	212,205
Conventions and publishing	19,779	111,953	185,326	262,073
Foreign exchange loss	-	438,153	1,737,199	397,664
Investor relations	-	13,789	10,773	81,280
Insurance	11,769	14,452	37,912	45,549
Legal	23,202	26,736	101,444	124,974
News dissemination	4,813	7,912	14,746	20,948
Office expenses	41,604	40,354	111,073	106,534
Recruitment fee	-	-	-	129,878
Rent and telephone	30,815	44,453	92,719	106,118
Stock-based compensation	90,467	73,705	227,218	190,602
Transfer agent and regulatory fees	24,591	28,695	45,864	53,794
Travel and business development	25,122	9,764	107,406	108,462
	512,100	1,127,441	4,030,076	2,492,553
Other Income				
Interest income	35,823	69,508	303,855	259,329
Option proceeds in excess of mineral property costs	-	5,069	-	109,432
	35,823	74,577	303,855	368,761
Net Loss for the period	(476,277)	(1,052,864)	(3,726,221)	(2,123,792)
Deficit, beginning of period	(14,392,706)	(6,697,313)	(11,142,762)	(5,626,385)
Deficit, end of period	\$ (14,868,983)	\$ (7,750,177)	\$ (14,868,983)	\$ (7,750,177)
Basic and diluted loss per share	\$ (0.005)	\$ (0.01)	\$ (0.04)	\$ (0.03)
Weighted average number of common shares issued and outstanding	94,515,204	77,361,808	94,402,763	77,078,753

The accompanying notes are an integral part of these consolidated financial statements.

NEVADA GEOTHERMAL POWER INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in US Dollars)
(Unaudited)

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2009	2008	2009	2008
Net loss for the period	\$ (476,277)	\$ (1,052,864)	\$ (3,726,221)	\$ (2,123,792)
Other comprehensive income				
Foreign translation gain (loss)	359,942	-	359,942	-
Increase (decrease) in unrealized holding gains on marketable securities	24,130	(72,600)	(120,385)	58,024
Comprehensive loss	\$ (92,205)	\$ (1,125,464)	\$ (3,486,664)	\$ (2,065,768)

Accumulated comprehensive income	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2009	2008	2009	2008
Balance at beginning of period	\$ 202,615	\$ 175,323	\$ 37,795	\$ 44,699
Foreign translation gain (loss)	50,607	-	359,942	-
Increase (decrease) in marketable securities	24,130	(72,600)	(120,385)	58,024
Balance at end of the period	\$ 277,352	\$ 102,723	\$ 277,352	\$ 102,723

The accompanying notes are an integral part of these consolidated financial statements.

NEVADA GEOTHERMAL POWER INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)
(Unaudited)

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2009	2008	2009	2008
Cash flows from (used in) operating activities				
Net Loss for the period	\$ (476,277)	(1,070,928)	\$ (3,726,221)	\$ (2,123,792)
Items not requiring (providing) cash:				
Amortization	25,564	18,558	68,297	40,432
Accretion of asset retirement obligation	19,482	(10,504)	58,446	-
Change in fair value of cash settled option	(118,591)	-	59,239	-
Marketable securities received as option payment	-	-	-	(68,305)
Recruitment fees	-	129,878	-	129,878
Stock-based compensation	90,467	73,705	227,218	190,602
Adjustments to reconcile net loss to net cash used from (used in) operation activities				
(Increase) decrease in accounts receivable	28,733	(49,516)	(32,708)	(15,476)
(Decrease) increase in accounts payable	517,543	(3,470,857)	(209,982)	(2,518,286)
(Increase) decrease in prepaid expenses	28,718	1,155	52,694	(437,986)
	115,639	(4,378,509)	(3,503,017)	(4,802,933)
Cash flows used in investing activities				
Geothermal property interests	(7,762,552)	(469,067)	(27,858,960)	(10,963,394)
Restricted cash	-	23,050	(17,920,984)	23,050
Acquisition of capital assets	(23,210,315)	(6,347,702)	(47,758,174)	(6,511,872)
	(30,972,867)	(6,793,719)	(93,538,118)	(17,452,216)
Cash flows from financing activities				
Bank loan advances	31,384,816	10,574,704	90,591,384	15,513,896
Options exercised	34,422	151,113	94,899	304,799
Warrants exercised	-	13,611	-	27,223
	31,419,238	10,739,428	90,686,283	15,845,918
Effect of exchange rate changes on cash and cash equivalents	(83,444)	-	(735,727)	-
Increase (decrease) in cash and cash equivalents	478,566	(432,800)	(7,090,579)	(6,409,231)
Cash and cash equivalents, beginning of period	3,904,215	7,316,633	11,473,360	13,293,064
Cash and cash equivalents, end of period	\$ 4,382,781	\$ 6,883,833	\$ 4,382,781	\$ 6,883,833

Additional Cash Flow Information (Note 14)

Supplementary Non-Cash Information

Accounts payable for geothermal property interests	\$ 8,120,678	\$ 7,538,364	\$ 8,120,678	\$ 7,538,364
Accounts payable for property, plant and equipment	\$ 8,679,794	\$ 4,604,110	\$ 8,679,794	\$ 4,604,110
Capitalized amortization on the opening value of the cash settled option	\$ 15,195	\$ -	\$ 28,662	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009
(Expressed in US Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nevada Geothermal Power Inc. ("the Company") was incorporated on April 13, 1995, under the laws of British Columbia and is currently in the development stage. The Company's common shares are traded on the TSX Venture Exchange under the trading symbol NGP and on the OTC Bulletin Board in the United States under the symbol NGLPF.

The Company is in the process of exploring, evaluating and developing its geothermal properties. The recoverability of the amounts shown for geothermal 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.

On August 29, 2008, the Company raised \$180 million for the continued development of its Blue Mountain power plant project. The Company's ability to continue as a going concern is dependent upon successful completion of its geothermal projects, such as Blue Mountain, and upon its ability to attain profitable operations. However, there is no assurance that management will be successful in achieving these objectives.

As at March 31, 2009 the Company had working capital deficiency of \$19,931,439, and had accumulated losses totalling \$14,707,694.

These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported expenses and other income and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are expressed in US dollars, unless specifically indicated otherwise. They do not contain the detail or footnote disclosure concerning accounting policies and other matters, which would be included in annual financial statements, and therefore should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2008. The Company applies the same accounting policies and methods in these interim financial statements as those in the audited annual financial statements, except as noted herein:

Changes in Accounting Policies

- a) Effective October 1, 2008, the Company designated its US subsidiary self-sustaining and changed its reporting currency to the US dollar. The change in reporting currency is to better reflect the Company's business activities comprising primarily the construction of the geothermal power plant facility in Nevada and the associated US dollar denominated financing. Prior to October 1, 2008, the Company reported its annual and quarterly consolidated balance sheets and the related consolidated statements of operations and cash flows in Canadian dollars (CAD). In making this change in reporting currency, the Company followed the recommendations of the Emerging Issues

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009
(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Policies (Continued)

Committee (EIC) of the Canadian Institute of Chartered Accountants (CICA), set out in EIC-130, Translation Method when the Reporting Currency Differs from the Measurement Currency or there is a Change in the Reporting Currency. In accordance with EIC-130, the financial statements for all years and periods presented have been translated into the new reporting currency using the current rate method. Under this method, the statements of operations and cash flow statement items for each year and period have been translated into the reporting currency using the average exchange rates prevailing during each reporting period. All assets and liabilities have been translated using the exchange rate prevailing at the consolidated balance sheets dates. Shareholders' equity transactions have been translated using the annual average rate of exchange for the transaction dates. All resulting exchange differences arising from the translation are included as a separate component of other comprehensive income. All comparative financial information has been restated to reflect the Company's results as if they had been historically reported in US dollars.

- b) Effective July 1, 2008, the Company adopted the new CICA guidelines of Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. These standards replace CICA 3861, Financial Instruments – Disclosure and Presentation. The standards increase the disclosure required and enable users to evaluate the significance of financial instruments in an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the Company is exposed to such risk, based on information provided internally to the entity's key management personnel.

i) Financial Assets and Liabilities

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, restricted cash, marketable securities, accounts payable and accrued liabilities, deferred construction amounts payable, bank loan and cash settled option.

Held-for-trading financial instruments include cash, cash equivalents and restricted cash and are initially and subsequently recorded at fair value.

Available for sale financial assets include marketable securities that are initially and subsequently recorded at fair value. Unrealized gains and losses resulting from revaluation are included in other comprehensive income. When the assets are sold or an impairment write-down is required, the accumulated fair value adjustments recognized in equity are included in the income statement. The fair value of marketable securities is based on the market value of the quoted investments.

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009
(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Policies (Continued)

i) Financial Assets and Liabilities (Continued)

Amounts receivable are recorded at cost which approximates fair value due to the short-term nature of these assets. Financial liabilities, comprised of accounts payable and accrued liabilities, deferred construction amounts payable and the cash settlement option, are measured at fair value.

The bank loan is classified as other financial liability and is recorded at amortized cost.

ii) Financial Instrument Risk Exposure and Risk Management

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks and has no designated hedging transactions. The Board approves and monitors the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the continued development of the Company's geothermal properties, and to limit exposure to credit and market risks. The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk

Credit risk primarily arises from the Company's cash and cash equivalents, restricted cash and amounts receivable. The risk exposure is limited to the carrying amounts at the balance sheet date. Cash and cash equivalents are held as cash deposits and invested in bankers' acceptance, guaranteed investment certificates and certificates of deposit with various maturity dates. Restricted cash consists of certificates of deposit held with the Bank of the West and guaranteed investment certificates at Royal Bank of Canada. The Company does not invest in asset-backed securities. The Company periodically assesses the quality of its investments and is satisfied with the credit ratings of its banks and their certificates of deposit and guaranteed investment certificates.

Amounts receivable consist of goods and services tax recoverable and amounts due from the previous joint-venture partner. To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectable amounts. In December, 2008 Sierra Geothermal Power Corp ("SRA") notified the Company it will not be able to meet the final commitments in order to earn a 50% joint-venture interest in the Pumpnickel Project. As at March 31, 2009, the Company is owed \$132,259 from SRA. SRA is disputing the receivable.

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009
(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Policies (Continued)

ii) Financial Instrument Risk Exposure and Risk Management (Continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company ensures there is sufficient capital to meet short-term business requirements, after taking into account the Company's holdings of cash, cash equivalents and undrawn funds from the committed Trust Company of the West ("TCW") loan. Management prepares annual operating and capital expenditure budgets which are approved by the Board of Directors and prepares cash flows and liquidity forecasts on a monthly basis.

The Company periodically draws on cash, cash equivalents and the TCW loan to fund costs associated with the geothermal properties. At March 31, 2009, the Company's working capital is negative due primarily to the TCW loan draw that occurred subsequent to the quarter-end (see Note 15(a)), and the construction holdback payable upon completion of the Blue Mountain project.

Market Risk

Market risk is comprised of three components: currency risk, interest rate risk and commodity price risk.

a. Currency risk

The operating results and financial position of the Company are reported in US dollars. The Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the US dollar. The results of the Company's operations are subject to currency transaction and translation risk. Changes in the US equivalent amount of Canadian denominated net assets are recorded as a component of accumulated other comprehensive income on the balance sheet.

The Company's exploration and development costs are denominated in US dollars; fluctuations of the Canadian dollar in relation to the US dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009
(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Policies (Continued)

ii) Financial Instrument Risk Exposure and Risk Management (Continued)

b. Interest rate risk

The Company invests its cash and cash equivalents in certificates of deposit and guaranteed investment certificates and bankers' acceptances in terms of 90 days or less in order to maintain liquidity while achieving a satisfactory return for shareholders. Fluctuations in interest rates impact the value of cash and cash equivalents. The Company manages risk by monitoring changes in interest rates in comparison to prevailing market rates. The bank loan carries a fixed interest rate of 14% and as such, is not subject to interest rate risk.

c. Commodity price risk

The Company's commodity risk relates to power produced. The price of power is impacted by various circumstances surrounding energy production from natural gas, nuclear, hydro, solar, coal, oil as well as renewable energy legislation. The Company has mitigated the Blue Mountain power price risk by signing a 20-year power purchase agreement which establishes a fixed price and escalator.

- c) Effective January 1, 2008, the Company adopted the new CICA guideline of 1535, Capital Disclosures. The section specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.
- d) Effective January 1, 2008, the Company adopted the new CICA guidelines of Section 1506, Accounting Changes, which establishes standards for changes in accounting policies, estimates, or errors to require a change in accounting policy to be applied retrospectively (unless doing so is impracticable or is specified otherwise by a new accounting standard), changes in estimates to be recorded prospectively, and prior period errors to be corrected retrospectively. Voluntary changes in accounting policy are allowed only when they result in financial statements that provide reliable and more relevant information.

3. RECENT ACCOUNTING PRONOUNCEMENTS

a) Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook section 3064 – "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Intangible Assets," and Section 3450, "Research and Development Costs". This new section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets and, for the Company, is effective for annual and interim financial statements relating to fiscal years beginning on or after July 1, 2009. The Company is currently assessing the impact of this section.

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009
(Expressed in US Dollars)

3. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

b) International Financial Reporting Standards

In February 2008, the Cdn Accounting Standards Board has announced 2011 is the changeover date for publicly-listed companies to use International Financial Reporting Standards ("IFRS"), replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of July 1, 2011, will require restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. The Company has completed a preliminary review of IFRS, has begun developing an implementation plan, and will be assessing the impact on the Company's disclosure requirements.

4. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

- i) ensure there are adequate capital resources to safeguard the Company's ability to continue as a going concern,
- ii) maintain adequate levels of funding to support the exploration and development of its geothermal properties,
- iii) maintain investor, creditor and market confidence to sustain future development of the business, and
- iv) provide returns to shareholders and benefits for other stakeholders

The Company currently does not have any of its projects producing revenue. The Blue Mountain project is funded by a loan provided from TCW. The Pumpnickel Valley, Black Warrior and Crump Geyser projects are currently funded by equity financing. The TCW bank loan has been obtained to fund the construction of the Company's Blue Mountain project. Until the Company generates revenue, it will be dependent upon its equity to fund administration and further exploration of properties other than Blue Mountain.

The Company manages its capital in a manner that provides sufficient funding for exploration and development activities. Annual budgets and rolling forecasts are used to determine the necessary capital requirements. The budgets are prepared by management, approved by the Board of Directors and are updated for changes in the underlying assumptions, economic conditions and risk characteristics of the underlying assets, as necessary.

The Company has a commitment from MS Greenrock LLC, a wholly owned subsidiary of Morgan Stanley, to fund a tax equity financing that will replace a large portion of the construction funds provided by TCW when the Blue Mountain project begins commercial operation.

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009
(Expressed in US Dollars)

5. MARKETABLE SECURITIES

	March 31, 2009		June 30, 2008	
	NUMBER OF SHARES	AMOUNT	NUMBER OF SHARES	AMOUNT
Sierra Geothermal Power Corp.				
Cost – common shares	400,000	\$ 142,845	400,000	\$ 142,845
Unrealized gain (loss)	-	(82,620)	-	37,795
	400,000	\$ 60,225	400,000	\$ 180,640

6. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2009	June 30, 2008
Computer Equipment	\$ 83,937	93,052
Field Equipment	157,085	157,085
Office Furniture and Equipment	51,133	58,510
Vehicles	27,744	-
Computer Software	59,752	44,617
Land	161,187	153,716
	540,838	506,980
Accumulated amortization	162,362	111,299
	378,476	395,681
Assets under construction	76,164,770	18,318,501
	\$ 76,543,247	\$ 18,714,182

7. INTERESTS IN GEOTHERMAL PROPERTIES

The acquisition and deferred exploration and development expenditures of the Company's geothermal property interests, all located in the U.S., are as follows:

	March 31, 2009	June 30, 2008
Blue Mountain Project - Nevada	\$ 80,177,137	\$ 49,573,306
Pumpnickel Valley Project - Nevada	64,836	-
Black Warrior Peak Project - Nevada	268,371	201,148
Crump Geyser - Oregon	466,496	476,472
	\$ 80,976,840	\$ 50,250,926

a) Blue Mountain Project, Nevada

The Company holds a 100% leasehold interest in certain lands located in Humboldt County, Nevada. The leasehold interest covers 4,445 hectares (10,984 acres) on 17 land sections. The 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 1,295 hectares (3,200 acres) out of a total of the 3,885 hectares (9,600 acres) of the leasehold interest. The property interests are subject to production royalties ranging from 1.75% to 3.5% on sales of electrical power, and 5% to 10% from sales of energy for other uses.

NEVADA GEOTHERMAL POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009
(Expressed in US Dollars)

7. INTERESTS IN GEOTHERMAL PROPERTIES (Continued)

a) Blue Mountain Project, Nevada (Continued)

At March 31, 2009 the Company had drilled six production wells capable of producing approximately 42 (net) MW power and two injector wells. During the quarter ended March 31, 2009, the Company drilled wells 14-14, 15-14 and 17-14 which, based on subsequent flow testing, are capable of producing 7 megawatts (net) each. At the end of the quarter, the Company began drilling injection well 61-22 and deepening well 57-15.

The following costs have been incurred on the project:

	For the Nine Months Ended Mar. 31, 2009	For the Year Ended June 30, 2008
Acquisition		
Property leases, permits and regulatory	\$ 60,272	\$ 107,734
Deferred exploration		
Geological and geophysical	766,660	1,098,285
Non-geological consulting	68,895	90,230
Drilling	25,601,487	18,289,719
Road Maintenance	9,060	-
Camp and field supplies	3,581,671	2,944,960
Reports and maps	-	38,048
Testing	695,604	685,226
Water analysis	-	-
Borrowing costs	2,283,184	1,083,239
Drilling advances	250,000	395,396
Provision for remediation	204,010	627,858
Costs incurred during the period	33,520,843	25,360,695
Balance, beginning of period	49,573,306	24,212,611
Adjustment due to change in measurement currency	(2,917,012)	-
Balance, end of period	\$ 80,177,137	\$ 49,573,306

b) Pumpnickel Valley Project, Nevada

The Company has private and federal geothermal leases comprising a total holding of 2,810 hectares (6,942 acres). The Company leases geothermal rights from Newmont USA, certain private land owners and the United States Bureau of Land Management ("BLM"). Under an agreement with Ormat Nevada Inc. ("Ormat"), the Company gave a right of first refusal for the Pumpnickel project equipment in return for a BLM lease and preferred equipment pricing. The Newmont lease grants the Company the exclusive geothermal, surface and water rights. The Company pays \$3/acre, with all rental payments creditable to royalties due upon production of:

NEVADA GEOTHERMAL POWER INC.
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(Expressed in US Dollars)

7. INTERESTS IN GEOTHERMAL PROPERTIES (Continued)

b) Pumpernickel Valley Project, Nevada (Continued)

- 3½% of gross proceeds from electrical power sales (less taxes and transmission costs);
- 5% of the gross proceeds of a sale of any substances in an arm's length transaction;
- 2% of the gross proceeds from the sale of, or manufacture, of bi-products;
- 10% of net profits from the use of substances at a commercial facility other than an electric power generating facility; and
- 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.

The BLM lease transferred from Ormat is encumbered by a royalty interest (0.5%) payable to Ehni Enterprises Inc.

The following costs have been incurred on the project:

	For the Nine Months Ended Mar. 31, 2009	For the Year Ended June 30, 2008
Acquisition		
Property leases, permits and regulatory	\$ 24,112	\$ 3,363
Deferred exploration		
Camp and field supplies	7,167	8,291
Drilling	(5,739)	275,169
Geological and geophysical	20,019	83,071
Non-geological consulting	23,597	1,353
Reports and maps	-	162
Testing	4,128	1,622
Water analysis	-	1,346
Sierra Geothermal funding and option payments	(8,448)	(374,377)
Costs incurred during the period	64,836	-
Balance, beginning of period	-	-
Balance, end of period	\$ 64,836	\$ -

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7. INTERESTS IN GEOTHERMAL PROPERTIES (Continued)

c) Crump Geyser, Oregon

On August 1, 2005, the Company leased 2,916 hectares (7,206 acres) of geothermal land located in south-eastern Oregon. The leases are on private land and are subject to a royalty of 3.5% of the gross revenues from the availability, sale or use of electricity.

The following costs have been incurred on the project:

	For the Nine Months Ended Mar. 31, 2009	For the Year Ended June 30, 2008
Acquisition		
Property leases, permits and regulatory	\$ (110)	\$ 44,420
Deferred exploration		
Camp and field supplies	2,906	1,855
Geological and geophysical	33,190	18,528
Legal and consulting (non-geological)	3,633	2,602
Reports and maps	1,341	308
Costs incurred during the period	40,960	67,713
Balance, beginning of period	476,472	408,759
Adjustment due to change in measurement of currency	(50,936)	-
Balance, end of period	\$ 466,496	\$ 476,472

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7. INTERESTS IN GEOTHERMAL PROPERTIES (Continued)

d) Black Warrior Peak Project, Nevada

The project is located in Washoe and Churchill Counties, Nevada. The Company has a total of 2,539 hectares (6,273 acres) of both private land and federal lands including water and surface rights. The private leases are subject to a royalty of 3.5% on gross revenue from electricity sales. The Company can purchase the royalty for \$1 million.

The following costs have been incurred on the project:

	For the Nine Months Ended Mar. 31, 2009	For the Year Ended June 30, 2008
Acquisition		
Property leases, permits and regulatory	\$ 3,009	\$ 42,830
Deferred exploration		
Camp and field supplies	3,668	1,510
Drilling	26,857	-
Geological and geophysical	35,914	57,381
Legal and consulting (non-geological)	11,970	-
Reports and maps	535	29
Costs incurred during the period	81,953	101,750
Balance, beginning of period	201,148	99,398
Adjustment due to change in measurement currency	(14,730)	-
Balance, end of period	\$ 268,371	\$ 201,148

8. DEFERRED CONSTRUCTION AMOUNTS PAYABLE

Deferred construction amounts payable consist of \$3,000,000 in deferred payments and holdbacks payable of \$4,344,365. These amounts are due on completion of the Blue Mountain construction project.

9. LOAN

On August 29, 2008, the Company closed a financing with Trust Company of the West, a New York based investment management firm, for up to \$180 million. Concurrently, the Company issued a full notice to proceed ("FNTP") to Ormat, repaid a bridge loan, and provided cash as collateral for both the \$15 million Ormat letter of credit and the \$1.37 million Sierra Pacific (name changed to NV Energy Inc. ("NVE") September 22, 2008) letter of credit. The cash collateral is invested in certificates of deposit at Bank of the West, an AA minus Standard & Poors rated western US bank.

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9. LOAN (continued)

The principal terms of the TCW loan are as follows:

- 14% interest per annum, payable quarterly, over a 15 year term maturing November 30, 2023;
- Interest will be capitalized prior to commercial operation and 6% interest per annum is deferrable to maturity thereafter;
- the minimum principal drawdown is \$70 million;
- the principal will be repaid from available cash flow – the lender has the right to receive cash interest plus 60% of available project cash, which will increase to 100% if target loan principle balances are exceeded;
- the lender retains the right to a residual of approximately 7.5% interest in the project at maturity, the “cash settled option”;
- the last \$10 million of the \$180 million commitment, if drawn, results in an increase of the cash settled option by 0.5% interest in the project for each million drawn;
- the loan is subject to a 2% prepayment penalty prior to commercial operation and a make-whole premium equal to the net present value of the remaining payments discounted at the yield of similar maturity United States Treasury securities thereafter;
- a closing fee of \$3.6 million (2%) of the commitment was paid to TCW at closing.

The financing provided by TCW is secured by a pledge of all the equity interests of both NGP Blue Mountain Holdco LLC (“Holdco”) and NGP Blue Mountain I LLC (“NGP I”). Holdco’s assets comprise the equity interests of NGP I. Its assets include the Company’s Blue Mountain leases and the electricity generation plant under construction, including project contracts related to the plant, as well as an undivided interest as a co-tenant in the transmission line that will interconnect the plant to NVE’s grid and underlying real estate rights. In addition, TCW has a first priority lien on certain accounts established in connection with the financing to hold the proceeds of advances provided by TCW and revenues generated by operation of the project. TCW also has the right to require that the Company provide TCW with a first priority security interest over substantially all of the assets of NGP I if the Company does not obtain senior construction financing meeting specified requirements to replace a portion of the commitments under the TCW financing within a specified period.

On August 29, 2008, the Company allocated \$1,759,501 of the first draw-down of \$47,730,968 as the value of the cash settled option. As at March 31, 2009, the cash settlement option was valued at \$1,818,740. The value of the option at maturity date, November 30, 2023, is estimated to be approximately \$8.5 million.

The change in the fair value of the cash settled option for the period of \$59,239 is expensed. The value of the option as at August 29, 2008 was estimated by an independent valuator.

The loan is recorded at amortized cost and interest, amortized for the period to March 31, 2009, of \$ 28,662 has been charged to the capital costs of assets under construction and geothermal property interest.

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9. LOAN (continued)

The following is a summary of the components of bank loan liability as at March 31, 2009:

Loan proceeds received	\$	119,986,359
Less: Deferred financing costs		(8,895,283)
Less: August 29, 2008 opening value of the cash settled option		(1,759,501)
		<u>109,331,575</u>
Amoritzation to March 31, 2009		28,662
	\$	<u><u>109,360,237</u></u>

Interest and borrowing costs on the Glitnir loan, which was repaid in August 2008, have been capitalized to assets under construction and geothermal property interests. Interest and borrowing costs on the TCW loan are capitalized to assets under construction and geothermal property interests on an effective interest rate basis over the term of the loan, which matures November 30, 2023. Interest and borrowing costs after completion of construction will be charged to operations. As at March 31, 2009, borrowing costs yet to be capitalized or charged to operations are netted against bank loan. Since July 2007, interest and borrowing costs totaling \$12,384,775 has been capitalized to assets under construction and geothermal property interests.

10. ASSET RETIREMENT OBLIGATION

	Mar. 31, 2009	June 30, 2008
Opening Balance	\$ 1,054,645	\$ 400,620
Additonal liabilities incurred	204,010	633,094
Accretion expense	58,446	20,931
Balance	<u>\$ 1,317,101</u>	<u>1,054,645</u>

The majority of costs attributed to these commitments and contingencies are expected to be incurred after 2030, and are to be funded mainly from the Company's cash provided by operating activities. The Company's provision for future site reclamation and closure costs is based on known United States federal and local laws and regulations concerning environmental requirements.

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11. SHARE CAPITAL

a) Authorized

Unlimited voting common shares – no par value
25,000,000 first preferred shares – no par value (none issued)
25,000,000 second preferred shares – no par value (none issued)

b) Common Shares Issued and Outstanding

	SHARES	AMOUNT	CONTRIBUTED SURPLUS
Balance, June 30, 2008	94,169,504	\$ 53,936,713	\$ 4,020,807
Issued for cash			
Stock options exercised	378,000	94,899	-
Stock options exercised - stock option valuation	-	58,752	(58,752)
Compensation options granted	-	-	227,218
Balance, March 31, 2009	94,547,504	\$ 54,090,364	\$ 4,189,273

c) Stock Options

During the nine month period ended March 31, 2009, the Company received \$94,899 (2008 - \$307,900) from the exercise of 378,000 (2008 – 537,000) stock options.

A summary of the changes in stock options for the quarter ended March 31, 2009 is below:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE CAD\$
Balance, June 30, 2008	8,009,000	\$ 0.78
Granted	1,546,000	0.59
Exercised	(378,000)	0.28
Expired	(301,000)	0.00
Balance, Mar. 31, 2009	8,876,000	\$ 0.77

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11. SHARE CAPITAL (Continued)

c) Stock Options (Continued)

As at March 31, 2009, the following stock options were outstanding:

EXERCISE PRICE CAD\$	NUMBER OUTSTANDING AT MAR 31 2009	REMAINING CONTRACTUAL LIFE (YRS)	WEIGHTED AVERAGE EXERCISE PRICE CAD\$	NUMBER EXERCISABLE AT MAR 31 2009
\$0.45	1,104,000	4.94	\$0.45	1,078,500
\$0.50	100,000	4.64	\$0.50	100,000
\$0.54	117,000	0.51	\$0.54	117,000
\$0.65	3,535,000	3.01	\$0.65	3,535,000
\$0.80	250,000	4.64	\$0.80	250,000
\$0.81	80,000	3.34	\$0.81	80,000
\$0.90	1,360,000	1.80	\$0.90	1,360,000
\$1.02	100,000	4.28	\$1.02	100,000
\$1.03	1,323,000	4.16	\$1.03	1,300,500
\$1.08	200,000	4.38	\$1.08	200,000
\$1.10	42,000	4.33	\$1.10	21,000
\$1.12	410,000	3.91	\$1.12	410,000
\$1.15	255,000	3.67	\$1.15	255,000
	8,876,000	3.35	\$0.77	8,807,000

The Company has a stock option plan that provides for the issuance of options to its directors, officers, employees and consultants. The maximum number of outstanding options is 10% of the issued and outstanding shares at any point in time. During the nine months ended March 31, 2009, the Company recorded \$227,218 (2008 - \$192,541) in stock-based compensation for options granted.

The exercise price of each option equals the market price of the Company's stock on the date of the grant. Historically, with the exception of investor relations, options vested immediately. During the most recent quarter the Board approved a policy under which employee options vest over an 18 month period. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2009	2008
Risk free interest rate	1.10-3.76%	3.76-4.67%
Expected life	2 years	1-2 years
Expected volatility	58-74%	57-66%
Expected dividend yield	0%	0%
Weighted average value of options granted	\$0.15	\$0.33

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11. SHARE CAPITAL (Continued)

d) Share Purchase Warrants

A summary of the changes in share purchase warrants for the nine month period ended March 31, 2009 is below:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, June 30, 2008	23,052,000	\$ 1.10
Issued	-	-
Expired	(23,052,000)	1.10
Exercised	-	-
Balance, Mar. 31, 2009	-	\$ -

e) Agents' Compensation Units and Options

A summary of the changes in agents' compensation units and options for the nine month period ended March 31, 2009 is below:

	AGENTS' UNITS		AGENTS' OPTIONS	
	NUMBER OF UNITS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, June 30, 2007	3,419,493	\$ 0.77	-	\$ -
Granted	-	-	1,050,000	1.00
Exercised	(1,573,333)	(0.90)	-	-
Balance, June 30, 2008	1,846,160	\$ 0.65	1,050,000	\$ 1.00
Granted	-	-	-	-
Expired	(1,846,160)	(0.65)	-	-
Exercised	-	-	-	-
Balance, Mar. 31, 2009	-	\$ -	1,050,000	\$ 1.00

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11. SHARE CAPITAL (Continued)

e) Agents' Compensation Units and Options (continued)

As at March 31, 2009, the following agents' compensation units and options were outstanding:

EXPIRY DATES	EXERCISE PRICE CAD\$	NUMBER OUTSTANDING AT MARCH 31 2009	REMAINING CONTRACTUAL LIFE (YRS)	NUMBER EXERCISABLE AT MARCH 31 2009
Agents options				
November 15, 2009	\$ 1.00	1,050,000	0.63	1,050,000

f) Escrow Shares

As at March 31, 2009, there were no shares held in escrow.

12. RELATED PARTY TRANSACTIONS AND AMOUNTS OWING

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties

As at March 31, 2009, a total of \$52,315 (June 2008 - \$79,694) was owing to directors, officers and companies controlled by directors of the Company. This amount is included in accounts payable and accrued liabilities, is unsecured and repayable on demand.

During the nine months ended March 31, 2009 and 2008, the following were paid or accrued to directors, officers, former officers and to companies controlled by directors of the Company:

	2009	2008
Administration	\$ 224,155	\$ 292,804
Director fees	\$ 59,710	\$ 43,665
Consulting, including financing success fee – geothermal	\$1,098,239	\$ 685,791
Rent	\$ -	\$ 11,489
Recruitment fees	\$ -	\$ 129,878
Capital assets	\$ -	\$ 101,054

Administration is primarily comprised of salary paid to the chief executive officer and chief financial officer, who are also directors and officers of the Company, during the normal course of their employment. Geothermal consulting costs primarily result from success fees paid to a director of the Company in connection with successfully arranging the Company's letters of credit in support of the LNTP contracted with Ormat and the TCW loan. The Company estimates financing success fees payable to a director of the Company could reach, in total, approximately \$2.3 million.

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13. COMMITMENTS

- a) The Company has entered into operating leases for premises, vehicles and geothermal resources. The minimum annual commitments (including work commitments) are as follows:

2009	\$ 621,680
2010	690,090
2011	709,707
2012	676,255
2013	680,908
2014 and thereafter	<u>1,117,537</u>
	<u>\$ 4,496,177</u>

- b) During 2006 the Company signed a 20-year power purchase agreement with NVE for continuous supply of up to approximately 35 gross megawatts of geothermal power to be produced from a new geothermal power plant to be built at the Company's Blue Mountain geothermal site, in northern Nevada. The power will be used by the utility to serve its customers in Nevada. The PPA was secured by a cash collateralized \$645K letter of credit issued by Royal Bank of Canada.

On November 3, 2008, the Company and NVE amended the PPA at higher pricing and power sales, consistent with the size of the resource and the plant under construction. At the same time an additional cash collateralized letter of credit was provided to NVE in the amount of approximately \$1.6 million.

- c) A Large Generator Interconnect Agreement ("LGIA") Agreement, entered into in November 2007, commits the Company to provide a letter of credit that can be drawn to reimburse NVE for network upgrades in the event the Company does not achieve commercial operation within three years of completing construction of its Blue Mountain power plant. The Agreement also commits the Company to reimburse NVE's interconnection facilities capital expenditures, estimated to reach approximately \$700,000. In February 2008, an Amendment to the LGIA Agreement resulted in a letter of credit commitment of \$1.37-million, which was issued during September, 2008 by Bank of the West. It is cash collateralized.
- d) On August 29, 2008, concurrently with the TCW financing, a FNTP was issued to Ormat committing the Company to an approximately \$76 million fixed price, date certain (substantial completion at December 31, 2009), guaranteed performance EPC contract. Simultaneously the \$15 million letter of credit was cash collateralized and issued by Bank of the West.

Restricted Cash (relating to collateralized amounts)

Beneficiary	Issuing Bank	USD
NV Energy – PPA	Royal Bank Of Canada	\$ 645,000
Ormat	Bank of the West	15,000,000
NV Energy – LGIA	Bank of the West	1,370,100
NV Energy – PPA	Bank of the West	<u>1,580,336</u>
		<u>\$ 18,595,436</u>

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13. COMMITMENTS (continued)

- e) On September 12, 2008, the Company entered into approximately \$4.5 million fixed price EPC contract with Wilson Utility Construction Co. to build a 120 MW, 21 mile transmission line from the Blue Mountain power plant to the interconnection with NVE's switching station.
- f) On October 15, 2008, the Company entered into a contract with JFMPE, Inc. to provide professional services relating to the mechanical/electrical, controls engineering, and design for the gathering system at the Blue Mountain Power Plant. The estimated amount of the contract is \$243,000 plus construction inspection and other support time billed on a hourly rate.
- g) On April 8, 2009 the Company entered into a \$3.3 million contract with Industrial Builders of Ontario, Oregon to provide procurement and construction services for the gathering system at Blue Mountain.

14. ADDITIONAL CASH FLOW INFORMATION

	March 31,	
	2009	2008
Cash and cash equivalents is comprised of:		
Cash	\$ 369,781	\$ 228,591
Short term deposits	4,013,000	6,677,067
	\$ 4,382,781	\$ 6,905,658

15. SUBSEQUENT EVENTS

Except as disclosed elsewhere in these consolidated financial statements, the following are significant events subsequent to March 31, 2009:

- a) Subsequent to March 31, 2009, the Company drew down a further \$24,899,369 to pay construction and drilling expenses of the Blue Mountain project including those incurred prior to March 31, 2009.
- b) In April 2009, the Company granted 200,000 stock options vesting over 18 months, expiring five years from the date of grant, to new employees of the Company.
- c) Subsequent to March 31, 2009 a third party consulting company estimated each of wells 14-14, 15-14 and 17-14 has an initial production potential of 7 MW (net).
- d) Subsequent to the quarter end Morgan Stanley indicated a preference for an ITC tax equity financing structure, rather than a PTC structure, and the Company is working with various parties to optimize its cost of capital.

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EFFECTIVE DATE

This Management Discussion and Analysis ("MD&A") is an overview of the activities of Nevada Geothermal Power Inc. ("the Company") for the nine months ended March 31, 2009 and incorporates certain information from the prior three fiscal years. In order to better understand the MD&A, it should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended June 30, 2008. These financial statements have been prepared by management in accordance with Canadian generally accepted accounting policies ("GAAP"). All dollar amounts referred to in this MD&A are expressed in US dollars except where indicated otherwise. The effective date of this Management Discussion and Analysis is May 29, 2009. This MD&A contains statements that constitute "forward-looking statements" and other cautionary notices (Refer to "Forward Looking Statements and Estimates" on page 10).

DESCRIPTION OF BUSINESS

The Company is evaluating and developing geothermal power projects, principally in Nevada and Oregon. Geothermal electricity is generated by conventional turbines, driven by hot, high pressure water and steam from underground geothermal reservoirs. Cool water is re-injected into the reservoir where it is reheated to be used again in a continuous cycle. The result is clean, renewable, sustainable electric power.

Geothermal power plants use proven turbine technology to produce base load power for growing utilities, particularly those located in states, such as Nevada and Oregon, with Renewable Portfolio Standards ("RPS") that require generation from renewable resources. The Company's view is that demand is strong and growing from both utility and private customers, and that the value of electricity and environmental credits will increase in the future. Among sources of renewable power, geothermal is particularly attractive, since it provides steady base load electricity that is not dependent upon the weather (as it is with wind and solar).

The geothermal business offers both low revenue risk and low construction risk, as a result of public utility commitments to long term power purchase contracts and, as long as they are available, fixed price engineering, procurement and construction ("EPC") agreements. Operating risk is reduced by proven technology and annual operating costs that are modest relative to capital costs. Among the major risks are the cost of exploration and development (drilling), and access to and the cost of capital for large investments in exploration, development and construction. The Company and/or its wholly owned US subsidiary, Nevada Geothermal Power Company ("NGPC"), hold leases on four properties: Blue Mountain, Pumpnickel and Black Warrior, all located in Nevada, and Crump Geyser located in Oregon.

OVERALL PERFORMANCE

The Company's short term strategy is the development of its Blue Mountain property, establishing revenue and earnings as well as organizational capabilities as rapidly as possible. In this regard, the Company has made significant progress.

By December 31, 2008, a third party geothermal consulting company had estimated the Company's Blue Mountain resource at 40 MW (net) (90% probability), and the Company had signed a Power Purchase Agreement ("PPA") with NV Energy Company ("NVE") for the sale of power from production capacity of up to 40 MW (net). The Company had also signed a Large Generator Interconnection Agreement ("LGIA") with NVE for up to 75 MW, and had contracted with Ormat Nevada Inc. ("Ormat", NYSE:ORA) for construction of a 49.5 MW (gross) power plant – approximately 40 (net) MW – and Wilson Utility Construction Co. for its transmission line. Financing up to US\$180 million was committed by Trust Company of the West ("TCW"), a major New York based investment

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management firm. The Company had drilled four production wells capable of producing between approximately 27.5 and 29.5 MW (net) of power and one shallow injection well. One of the successful production wells can be used for injection if it proves advantageous. The Company had obtained all licenses and permits and on November 12, 2008, following a review of detailed engineering, the State of Nevada issued a Chemical Accident Prevention Plan ("CAPP") permit to construct the contracted power plant. As at December 31, 2008, Ormat had completed approximately 42% of the work under the fixed price US\$76 million EPC contract.

During the quarter ended March 31, 2009, the Company continued construction of its 49.5 MW (gross), 40 MW (net) power generation facility, began construction of the associated transmission line and began negotiation of the last major construction contract, for the well-field gathering system. At March 31, 2009, Ormat construction was approximately 67% complete. In addition, the Company completed production wells 14-14, 15-14 and 17-14, began drilling injection well 61-22, and deepening well 57-15 for injection. Subsequent to the quarter end the Company contracted for the well field gathering system design and construction with Industrial Builders of Ontario, Oregon, and flow- testing indicated each of wells 14-14, 15-14 and 17-14 would have an initial production potential of approximately 7 MW (net). The Company had previously announced (March 25, 2009) completion of production drilling. Also, subsequent to quarter end, the Company completed well 57-15 for injection and continued drilling injection well 61-22. The Company will continue Injection drilling with well 58B-15 and expects to begin producing electricity up to four months before the originally planned December 31, 2009 completion date.

On February 17, 2009, the President of the United States signed into law the American Recovery and Reinvestment Act of 2009 ("ARRA") containing several provisions favourably affecting the Company's projects. Most importantly, production tax credits ("PTC") were extended through 2013, but in addition the Company will benefit from bonus depreciation and may benefit from an option to elect a 30% investment tax credit ("ITC") that is eligible for a cash grant. The ITC/cash grant provides a more immediate benefit than PTC that would be earned over the first ten years of commercial operation. However, the value of the ITC/cash grant is indeterminable at the time of writing since detailed guidance regarding capital cost eligibility is under review by the US Government. The Company believes a good portion of its investment in tangible assets will be eligible for the new ITC/cash grant but the eligibility of investments in intangible assets (e.g. drilling costs) as well as certain tangible assets is not completely clear. Morgan Stanley, from whom the Company has a tax equity financing commitment, has indicated a preference for an ITC structure. If a significant portion of capital costs are not eligible, the ITC structure would provide less value to the Company than the previous PTC structure. If all capital costs are eligible for the ITC/cash grant the ITC structure provides greater benefit than the PTC structure. Accordingly, the Company is pursuing partners who will invest in a PTC structure while also monitoring and evaluating the development of ITC/cash grant eligibility guidelines.

GEOTHERMAL PROPERTY INTERESTS

As at March 31, 2009, the Company's geothermal property interests comprised the following:

1) Blue Mountain Geothermal Property – Humboldt County - Nevada

The property is located about 32 km (22 miles) west of the town of Winnemucca. The Company has leased the geothermal mineral interest in 17 land sections covering 4,445 hectares (10,984 acres) from the Bureau of Land Management ("BLM"), Burlington Northern Santa Fe ("BNSF"), Nevada Land and Resource Company ("NLRC"), Crawford and DeLong Ranch, and RLF Nevada Properties. The Company holds a 100% geothermal mineral interest, and is entitled to explore, develop, and produce any geothermal resources located on the properties. At the property, a shallow thermal anomaly covers 10 km² (4 mi²).

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The first production well, 26A-14, was completed in September 2006 to a total depth of 858 m (2815 ft). Data from flow-test results indicated a prolific well, with the potential to produce 7 MW (net) of power. Subsequently, production wells 23-14, 25-14, 14-14, 15-14 and 17-14 were completed. Flow tests have indicated each well has the potential to produce approximately 7 MW – 7.5 MW (net) of power and on March 25, 2009, the Company announced completion of its production drilling for the first 40 MW (net) power generation facility at Blue Mountain.

Well 58-15 was completed May 8, 2008. It can be used for injection or production. Production and injection tests indicate the highest temperatures yet (213°C, 415°F) at Blue Mountain and a third party geothermal consulting company determined that data from flow test results indicate the potential to produce 8.4 MW (net) of power. Nevertheless, the Company decided to focus injection in the south west and use well 58-15 as an injector. Well 58A-15, also in the south west, was completed as a successful injector during November 2008 and drilling in the same area during the most recent quarter resulted, subsequent to the quarter end, in additional injection capacity at well 57-15. Ongoing drilling operations will continue at well 61-22, and later at well 58B-15, an anticipated shallow injection well.

2) Pumpnickel Geothermal Project – Humboldt County - Nevada

The Company has private and federal geothermal leases comprising a total holding of 2,810 hectares (6,942 acres). The leases include 1,275 hectares (3,151 acres) of land located approximately 16 km (10 miles) from Newmont's Lone Tree Mine and leased under an agreement with Newmont USA Ltd, 1405 hectares (3471 acres) leased from BLM, 1045 hectares (2,582 acres) transferred from Ormat with an agreement to provide preferred equipment pricing in exchange for \$15,000 and a right of first refusal to supply Pumpnickel power plant equipment, and 129 hectares (320 acres) under four private leases. The lease transferred from Ormat is encumbered by an overriding (0.5%) royalty interest payable to Ehni Enterprises Inc.

A maximum temperature of 135°C (275°F) was recorded on bottom in a well drilled by Magma Power Company in 1974 to 919 m (3071 ft). Four thermal gradient holes drilled in September 2005, defined temperature gradients between 75-200°C/km. Geothermal water samples obtained from drilling and hot springs, analyzed by Thermochem Labs, indicate geothermometry of 220°C (428°F).

In September 2007, a third party consultant prepared a report regarding structural geological analysis of seismic reflection data in Pumpnickel Valley that may indicate permeable pathways for up-flowing geothermal fluids. That report also helps identify potential drilling targets for geothermal exploration. Gas sampling and a thorough review of geochemical and geological data, coupled with a new gravity-seismic interpretation of structural targets, resulted in a better understanding of the reservoir and helped confirm a deep exploration well target.

Three additional thermal gradient wells were completed between March 30 and April 8, 2008. Two of these wells revealed temperature gradients higher than 100°C/km. The third was the highest, and this new information helped confirm a deep exploration well target. An additional study to evaluate the distribution of shallow ground temperatures was completed in September 2008. A deep exploratory well is planned when funding is available.

Three exploratory water supply boreholes drilled to ~140 feet, and a subsequent fourth borehole to 280 feet successfully identified a low total dissolved solids (TDS) groundwater source suitable for use in cooling towers, and for exploration drilling support. Four permanent water well locations have been identified.

NGP terminated an option agreement with Sierra Geothermal Power Corp., a TSX Venture listed company ("SRA") December 19, 2008.

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3) Black Warrior Project – Washoe and Churchill Counties - Nevada

The Company has a total of 2,539 hectares (6,273 acres) of both private land and federal lands including water and surface rights. The private leases are subject to a 3.5% royalty on gross revenue from electricity sales, and the Company has an option to purchase the royalty interest for \$1 million.

A gravity survey was conducted July 14, 2007 through July 25, 2007. Field reconnaissance and data reviews are continuing. A thermal anomaly contour map helped identify a target location for an exploration well which will help assess deep resource temperatures, fluid characteristics and geothermometry. A well pad has been graded and minor improvements to a short section of road have been completed. Future plans include further improvements to access roads, and 3-point schlumberger geophysical study. A 2-meter temperature probe study was carried out from November 10th – 14th, 2008. Tubing was installed in abandoned 2-meter boreholes, and will be used for experimental/ exploratory soil gas sampling.

4) Crump Geyser Project – Lake County - Oregon

The Crump Geyser project is located 48 km (30 mi) east of Lakeview, Oregon. In August 2005, the Company acquired leases at Crump Geyser, totaling 2,916 hectares (7,205 acres) of private land. The private leases are subject to a royalty of 3.5% of gross revenues from the sale or use of electricity.

In 1959, a 512m (1,680 ft) well, drilled by Magma Power Company, spontaneously erupted a few days after it was abandoned. The well flowed boiling water into the air continuously for six months and then reverted to irregular eruptions. Although the geyser is currently plugged, boiling water still rumbles at depth and bubbles to the surface. A three point Schlumberger resistivity survey performed in January 2006 showed a strong anomaly (highly conductive area) that appeared to be approximately 6 km² (2 mi²).

A third party geothermal consulting company reported a 40MW (90% probability) geothermal resource, a most likely resource of 60MW, and a deep reservoir temperature of 150°C ± 10°C (300°F ± 15°F), based on the results to date. A geochemist with Thermochem Labs was retained to evaluate the geothermometry, and subsequently confirmed the reservoir temperature.

During May through August, 2008 a review of geochemical and thermal data, new structural mapping, and field reconnaissance identified targets for drilling shallow and intermediate depth thermal gradient wells. In August 2008, a third party consultant completed a comprehensive report covering permitting issues pertaining to leases, exploration, and power plant development in Oregon. Well designs, drilling programs and drilling permit applications are in progress and will be submitted to the Oregon Department of Geology and Mineral Industries prior to planned drilling later in 2010. Fiscal 2009 work commitments are complete. An ultralight Aeromag geophysical study is planned for 2010 which will contribute to a data-sharing program with the United States Geological Survey (“USGS”), who will be undertaking precision gravity work in the same area. An environmental study is planned, to determine appropriate actions, prior to drilling and or plant construction, to manage wetlands and lakes.

FINANCIAL SUMMARY

During the quarter ended March 31, 2009, the Company continued developing its Blue Mountain, Nevada property by completing wells 14-14, 15-14 and 17-14, deepening well 57-15, beginning well 61-22 and negotiating the final major EPC contract for the well field gathering system, ultimately awarded to Industrial Builders of Ontario, Oregon. At quarter end the Ormat EPC contract was approximately 67% complete.

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The Company reports its results in US currency since its most significant expenditures and the funds borrowed for construction are denominated in US dollars. Also, after startup, revenue and operating costs will be generated and incurred within Nevada and denominated in US dollars.

Until plant startup, operating expenses remain primarily those of the Canadian office, and are incurred in Canadian dollars. While they are a small part of the Company's total expenditures Canadian dollar denominated operating expenses dominate the current and prior period income statements. Consequently, to assist in understanding trends we include the table below showing Canadian dollar operating expenses and prior period comparisons.

	For the Three Month Period		For the Nine Month Period	
	Ended March 31,		Ended March 31,	
	2009	2008	2009	2008
	(expressed in CDN dollars)			
Operating Expenses				
Accounting and audit	\$ 16,905	\$ 523	\$ 133,865	\$ 34,700
Administration	294,533	245,050	838,203	567,701
Accretion of asset retirement obligation	24,247	5,256	68,154	15,867
Amortization	31,817	18,746	77,845	40,843
Change in fair value of cash settled option	(147,598)	-	69,079	-
Consulting fees	78,722	51,130	376,040	214,364
Conventions and publishing	24,617	113,093	213,896	264,740
Foreign exchange loss	-	442,611	1,809,640	401,710
Investor relations	-	13,929	11,250	82,107
Insurance	14,648	14,599	43,943	46,012
Legal	28,877	27,008	114,363	126,246
News dissemination	5,990	7,992	16,823	21,161
Office expenses	51,780	40,765	131,296	107,618
Recruitment fee	-	-	-	131,200
Rent and telephone	38,352	44,906	109,533	107,198
Stock-based compensation	112,595	74,455	257,701	192,541
Transfer agent and regulatory fees	30,606	28,987	55,599	54,341
Travel and business development	16,456	9,864	119,883	109,566
	622,547	1,138,914	4,447,113	2,517,915
Other Income				
Interest income	44,585	70,216	352,042	261,968
Option proceeds in excess of mineral property costs	-	5,120	-	110,545
	44,585	75,336	352,042	372,513
Net Loss for the period	\$ (577,962)	\$ (1,063,578)	\$ (4,095,071)	\$ (2,145,402)

During the quarter ended March 31, 2009 the Company's net loss was Cdn \$577,962 (US\$476,277 or US\$ 0.005 per share) compared to a loss for the quarter ended March 31, 2008, of Cdn \$1,063,578 (US\$1,052,864, or US\$0.01 per share). The net loss decrease results from lower convention and other investor relations costs, a change in the fair value of the cash settled option associated with the TCW loan and a lower (\$0) foreign exchange loss.

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Operating expenses continue to increase with the size and scope of operations as the Company continues to invest in its Blue Mountain project. Administration and consulting costs of Cdn \$373,255 (2008 – Cdn \$296,180) increased as the number of employees, as well as the size and complexity of operations, increased. Convention and publishing costs as well as investor relations expenses of Cdn \$24,617 (2008 – Cdn \$127,022) declined as a result of a reduction in third party investor relations services and careful management in light of the limited financing activity year to date.

Proceeds in excess of mineral property costs have stopped since Sierra Geothermal Power stopped funding the Pumpnickel project.

Losses are partially offset by interest income Cdn \$44,585 (2008 – Cdn \$70,216). The decrease during the most recent quarter results from the market reduction in short term interest rates.

SUMMARY OF QUARTERLY RESULTS

	Period	Revenue	Loss (Income)	Loss (income) per share (Basic and fully diluted)
3rd	Quarter 2009	\$ Nil	\$476,277	\$ 0.01
2 nd	Quarter 2009	\$ Nil	\$649,538	\$ 0.01
1st	Quarter 2009	\$ Nil	\$863,207	\$ 0.01
4 th	Quarter 2008	\$ Nil	\$1,390,055	\$ 0.01
3 rd	Quarter 2008	\$ Nil	\$615,057	\$ 0.01
2 nd	Quarter 2008	\$ Nil	\$619,313	\$ 0.01
1st	Quarter 2008	\$ Nil	\$491,575	\$ 0.01
4 th	Quarter 2007	\$ Nil	\$583,137	\$ 0.01

The loss for the disclosed periods results primarily from the operating expenses (people and associated costs), offset by interest income and, until recently, option proceeds in excess of mineral property costs associated with the Pumpnickel joint venture agreement. The Company's operating expenses also relate to the Cdn/US dollar exchange rate, financial resources available and the development work undertaken. Observable trends may not be meaningful.

The current trend is generally increasing losses as the Company grows and develops its most advanced geothermal project at Blue Mountain. Normalized overhead expenses are growing as a result of increasing activity. The Company's cash expenses, some of which are billed to the Blue Mountain project, are approximately Cdn \$800,000 per quarter. Management anticipates that the Company will incur losses until its Blue Mountain project is in commercial operation.

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended March 31, 2009 and 2008, the following payments were made or accrued for payment to directors, officers, former officers and to companies controlled by directors of the Company:

	2009	2008
Administration	\$ 224,155	\$ 292,804
Director fees	\$ 59,710	\$ 43,665
Consulting, including financing success fee	\$ 1,098,239	\$ 685,791
Rent	\$ -	\$ 1,489
Recruitment Fee	\$ -	\$ 129,801
Capital Asset Purchases	\$ -	\$ 101,054

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Administration is mainly comprised of salary paid to the CEO and CFO, who are also directors and/or officers of the Company, during the normal course of their employment. Consulting fees primarily result from success fees paid to a director of the Company in connection with successfully arranging financing for the Blue Mountain project. The Company estimates these success-based financing fees will reach \$2.3-million. \$1.6 million has been paid to date.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2009, the Company had provided \$2.2-million letters of credit under revised terms of an expanded 20-year PPA concluded November 3, 2008 with NVE, a \$1.37-million letter of credit to secure the grid interconnection investment (also contracted with NVE), and a \$15-million letter of credit to Ormat to secure EPC payments.

Ormat has the right to draw upon the \$15-million EPC letter of credit if the Company fails to make required payments. NVE has the right to draw upon the letters of credit in the following circumstances: 1. If the Company fails to make any required payments under the contract; 2. If the letter of credit is not renewed by the required date or; 3. If certain conditions regarding the credit rating of the issuing financial institution are not met.

The letters of credit are cash collateralized by deposits at Bank of the West, a AA- rated US bank and Royal Bank of Canada.

The Note Purchase Agreement with Trust Company of the West provides them with a cash settled option, valued at 7.5 % of the project value and exercisable at the loan maturity. The exercise price of the option is 1% of its value, 0.075% of the project value.

The Note Purchase Agreement with Trust Company of the West includes a further 0.5% cash settled option at loan maturity for each \$1-million drawn in excess of \$170-million, a maximum 5% if the entire \$180-million loan commitment is drawn.

At Commercial Operation Date ("COD"), the Company may prepay the outstanding balance on the TCW loan in excess of \$70-million for a fee representing 2% of the prepayment. The Company has a Commitment Letter from MS Greenrock, a wholly owned subsidiary of Morgan Stanley, to provide ten year tax equity funding in the amount of up to \$100-million prior to commercial operation. It is anticipated these funds will pay down a substantial portion of the TCW loan.

Following COD the Company will have an obligation to pay NV Energy its replacement cost for any shortfall in the supply of power and/or Portfolio Energy (environmental) Credits beyond contractual allowances, for a maximum of three years, unless the shortfall relates to a Force Majeure event or an NV Energy emergency. The Company is investigating options, including insurance, to mitigate the risk.

The Company has no other material off-balance sheet arrangements, such as guarantee contracts, derivative instruments or any other obligations that trigger financing, liquidity, market or credit risk to the Company.

ACTUAL AND PROPOSED TRANSACTIONS

In the normal course of business, the Company evaluates geothermal properties for potential acquisitions or disposals which, if appropriate, would be presented to the Board for consideration. There were no transactions during the quarter.

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CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Consistent with its accounting policies, during the year ended June 30, 2008, the Company began recording construction in progress that will be depreciated over the 30 year estimated life of the Company's power plant.

Effective October 1, 2008 the Company designated its US subsidiary self sustaining and changed its reporting currency to the US dollar. The change in reporting currency is to better reflect the Company's business activities comprising primarily the construction of the geothermal power plant facility in Nevada and the associated US dollar denominated financing.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, restricted cash, marketable securities, accounts payable and accrued liabilities, term debt, deferred construction payables, and cash settlement option. The debt is recorded at amortized cost. The fair value of the remaining instruments approximates their carrying value.

Cash equivalents include money market based investments and term deposits where maturity is less than ninety days or that may be liquidated at the Company's option without significant penalty. The amounts invested are in excess of amounts protected by the Canadian and US Government deposit insurance programs and, as a result of cash collateralizing the Ormat and NVE letters of credit, the Company holds a large investment in certificates of deposit at Bank of the West, an AA- (S&P) rated western US bank.

OUTSTANDING SHARE DATA

The Company has authorized unlimited common shares, without par value, 25,000,000 first preferred shares, without par value, and 25,000,000 second preferred shares without par value. Refer to Note 11 of the financial statements. As of the date of this report, the Company had 94,547,504 common shares outstanding, 9,076,000 stock options outstanding at various exercise prices and future dates, and 1,050,000 agents' options, exercisable at Cdn \$1.00 per option, expiring November 15, 2009. Each Cdn \$1.00 agent option is exercisable into one common share.

At the effective date of this MD&A, if all of these options and warrants were exercised, a total of 104,673,504 common shares would be issued and outstanding.

INVESTOR RELATIONS

The Company employs Ms. Shelley Kirk as Director, Investor Relations.

CAPITAL RESOURCES AND LIQUIDITY

The Company does not have operations that generate positive cash flow. At March 31, 2009 the Company had \$4,382,781 in cash and equivalents on hand, and a working capital deficit of \$19,931,439.

The TCW loan allows draws every 30 days. Some of the Company's payables, including the construction holdback, are due beyond 30 days. The Company does not draw funds until necessary and, consequently, the Company is able to manage with negative working capital and will continue to do so in order to minimize interest expense.

Cash on hand at March 31, 2009 includes approximately Cdn \$1.7-million in the parent company accounts. In addition, the parent company has over-contributed to the Blue Mountain project by approximately \$1.8-million, and can draw these funds from the TCW loan. The Company will not draw these funds until necessary, so that interest expense is minimized.

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Historically, the Company's activities were funded by proceeds from private placements of the Company's securities, the exercise of incentive share purchase options and of share purchase warrants, US Department of Energy funding on certain properties, earn-in interests on certain properties, a \$20-million bridge loan and \$15 million letters of credit with Glitnir Banki hf.

On August 29, 2008, the Company closed a financing with TCW for up to \$180-million. The Company believes these funds may not be sufficient to complete its investment in the Blue Mountain project, depending upon startup date, and as a result the Company is seeking a small increase in the available TCW funds. The Company does not anticipate more than a 5% increase in funding, but if additional funding is required the Company is dependent upon successfully arranging it, as well as successfully concluding a tax equity financing on favourable terms, and raising funds for its continuing operations and additional projects. Historically, the Company has been able to complete all of its exploration activities and to meet its financial commitments. While it has been successful to date, there is no assurance that the Company will be successful in obtaining future funding.

RISKS AND UNCERTAINTIES

Due to risks and uncertainties, including the risks and uncertainties identified below and elsewhere in this MD&A, actual events may differ materially from current expectations.

By its very nature, geothermal exploration and development involves a high degree of risk, and considerable expenditures are required to substantiate the commercial viability of a geothermal field and then to develop it to profitable production. The Company competes with other geothermal enterprises, some of which have greater resources, to explore and to develop geothermal concessions. These resources include money, personnel, consultants, and equipment.

In the short term, management believes the primary risks to the Company relate to the cost of resource development (drilling) and the tax equity financing. Exploration and development costs are above those budgeted and more than \$180 million may be required to complete its Blue Mountain project. If more than \$170-million is drawn from TCW funds one result is payment of all or part of the previously discussed 5% increase in the cash settled option. In addition, the Company has a commitment to tax equity financing from MS Greenrock LLC, a wholly owned subsidiary of Morgan Stanley that will provide up to \$100-million tax equity and monetize substantial Blue Mountain project tax benefits. Blue Mountain's economic return and TCW loan compliance are dependent upon the terms of this financing. As discussed earlier in this MD&A the Company is working with a number of parties to assess the impact of recent changes in the tax equity market, Morgan Stanley's preference for an ITC structure and the impact of the American Recovery and Reinvestment Act of 2009 ("ARRA"). These activities are part of a concerted effort to reduce the cost of capital.

The Company is at risk from changes in general economic conditions and financial markets, changes in the price of oil, gas and electricity, changes to favorable tax incentives with respect to production tax credits and investment tax credits, changes in technological, and operational hazards in the Company's exploration, construction and development activities, uncertainties inherent in the resource development, the timing and availability of financing, governmental and other approvals, and other risk factors listed from time to time by the Company. These factors may impact upon the Company's ability to finance its programs and to carry out operations.

As a result of cash collateralizing the Ormat and NVE letters of credit, the Company holds a large investment in certificates of deposit at Bank of the West, an AA- (S&P) rated Western US bank.

The Company operates in both Canada and the United States, and is subject to currency fluctuations. The exploration activities expose the Company to potential environmental liabilities relating to the development of the geothermal concessions in accordance with United States laws and regulations.

There is no guarantee that title to the properties in which the Company has a recorded interest will not be challenged. However, management is not aware of any impediment to its ownership of these properties

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FORWARD LOOKING STATEMENTS AND ESTIMATES

This MD&A contains estimates of geothermal resources. By its very nature, the estimation of resources is uncertain and involves subjective judgments about many factors. The accuracy of any such estimates is a function of the quality and quantity of available data, of the assumptions made and of the judgments used in the engineering, geological, and geophysical interpretations, which may ultimately prove to be unreliable. There can be no assurance that these estimates will be accurate or that such geothermal resources can be successfully and economically exploited.

Except for statements of fact related to the Company, certain statements made herein may constitute "Forward-Looking Statements". These include, but are not limited to, statements respecting anticipated business activities, planned expenditures, corporate strategies, and investigation and acquisition of new projects. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate," and other similar words, or statements that certain events or conditions "may" or "will" occur. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements. Forward looking statements are based on the beliefs, opinions and estimates of management at the date the statements are made, current expectations at that date - and these by their inherent nature entail various risks, uncertainties and other unknown factors. Consequently, 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. Some important factors that could cause actual results to differ from these forward-looking statements include those described under the heading "Risks and Uncertainties" contained immediately before this section. Therefore the reader is cautioned not to place undue reliance on forward-looking statements. Further, the Company disclaims any obligation or intention to update or to revise any forward-looking statement, whether as a result of new information, of future events, or otherwise except as may be required under applicable securities legislation.

OTHER INFORMATION

The Company's web site address is www.nevadageothermal.com. A copy of this management discussion and analysis, the 2008 audited financial statements, previously published management discussions and analyses, previously published financial statements, and other information, is available on the Company's web site or on the SEDAR website at www.sedar.com. The Company is listed on the TSX Venture Exchange with the trading symbol "NGP" and OTC Bulletin Board in the United States under the symbol "NGLPF".

APPROVAL

The Audit Committee of the Company has approved the disclosure contained in this management discussion.

DISCLAIMER

The information contained within this discussion, by its very nature, is not a thorough summary of all matters and developments concerning Nevada Geothermal Power Inc. This information should be considered with all of the disclosure documents of the Company. The information contained herein is not a substitute for a detailed investigation or an analysis of any issue related to the Company. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented. Further, certain data included in this document may be historical in nature. Consequently, it may not have been verified by the Company's technical staff, and therefore it should not be relied upon.