

ADVISORY AGREEMENT

THIS AGREEMENT dated October 9th, 2009 is made

BETWEEN:

SIERRA GEOTHERMAL POWER CORP., of 500-666 Burrard Street,
Vancouver, British Columbia, V6C 3P6

(the “**Issuer**”);

AND:

JACOB SECURITIES INC. of 363 Adelaide Street East, Toronto, Ontario
M5A 1N3

(the “**Advisor**”).

WHEREAS:

A. The Advisor has agreed to advise the Issuer on mergers and acquisitions in the geothermal space and to assist it in seeking opportunities to expand its business.

THE PARTIES to this Agreement therefore agree:

1. SERVICES

1.1 The Advisor shall advise the Issuer on mergers and acquisitions in the geothermal space (the “**Advisory Services**”) on a non-exclusive basis.

1.2 In performing the Advisory Services, the Advisor shall comply with the policies of the TSX Venture Exchange (the “**TSX-V**”) at all times.

2. TERM

2.1 The term of this Agreement shall commence on the date first above written (the “**Effective Date**”) and shall continue until six months following the Effective Date.

3. TSX-V APPROVAL

3.1 The Issuer shall submit this Agreement to the TSX-V for approval.

3.2 Upon submission of this Agreement by the Issuer to the TSX-V for approval, if:

- (a) the TSX-V does not approve this Agreement, this Agreement will be null and void; or
- (b) the TSX-V requires a reduction in the level of compensation set out, the parties agree that TSX-V determination is final and this Agreement will be amended accordingly.

4. COMPENSATION

4.1 In consideration for the Advisory Services, the Issuer shall pay to the Advisor:

- (a) \$50,000 in cash; and
- (b) 700,000 non-transferrable warrants (the “Warrants”) to purchase non-transferable units (the “Units”) of the Issuer exercisable at a price of \$0.22 per Unit until twenty-four months following the Effective Date. Each Unit shall consist of one common share in the capital of the Issuer (each a “Unit Share”) and one non-transferable common share purchase warrant (each a “Unit Warrant”). Each Unit Warrant shall entitle the holder to purchase one common share in the capital of the Issuer (each a “Unit Warrant Share”) at a price of \$0.30 per Unit Warrant Share until twenty-four months following the Effective Date

(together, the “Advisor’s Fees”).

4.2 The Issuer shall have no obligation to pay commissions, expenses or fees other than the Advisor’s Fees to the Advisor in connection with the Advisory Services, except for commissions, expenses or fees that the Advisor may be entitled to receive under the agency agreement dated May 24, 2007 between the Issuer and the Advisor.

5. ACCREDITED INVESTOR STATUS

5.1 The Advisor hereby represents and warrants to, and covenants with the Issuer that

- (a) the Advisor is and on the date the Warrants, the Unit Shares, the Unit Warrants and the Unit Warrant Shares are issued to the Advisor shall be an “accredited investor” within the meaning of NI 45-106; and
- (b) the Advisor has concurrently executed and delivered a certificate in the form attached as Schedule “A” hereto.

6. LEGENDS

6.1 Upon the issuance of any of the Warrants, Unit Shares, Unit Warrants or Unit Warrant Shares, and until such time as the same is no longer required under any applicable securities laws, and in addition to the other legends that may be required by the applicable securities laws, the certificates representing any of the Warrants, Unit Shares, Unit Warrants, or Unit Warrant Shares will bear a legend in substantially the following form:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE DISTRIBUTION DATE].

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE

EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [INSERT THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE DISTRIBUTION DATE].”

6.2 Upon the issuance of any of the Warrants or Unit Warrants, and in addition to the other legends that may be required by the applicable securities laws the certificate representing any of the Warrants or the Unit Warrants will bear a legend in substantially the following form:

“THIS WARRANT IS NOT TRANSFERABLE.”

7. CONFIDENTIAL INFORMATION.

7.1 For the purposes of this Agreement, “**Confidential Information**” shall mean non-public information which the Issuer designates as being confidential or which, under the circumstances surrounding disclosure ought reasonably to be treated as confidential. Confidential Information includes, without limitation information, whether written, oral or communicated by any other electronic means (including all tangible materials containing Confidential Information, including, without limitation, written or printed documents and computer disks or tapes, whether machine or user readable), relating to any confidential or secret activities, prospects, technical data, analysis or interpretations, projects, plans, reports, customer names or lists, financial information and strategic plans, marketing or promotion, the Issuer’s business policies, practices, and information received from others which the Issuer is obliged to treat as confidential. Confidential Information disclosed to the Advisor by any subsidiary and/or agents of the Issuer is covered by this Agreement.

7.2 Confidential Information shall not include that information defined as Confidential Information herein which the Advisor can conclusively establish:

- (a) is or subsequently becomes publicly available without breach of any obligation of confidentiality by the Advisor;
- (b) became known to the Advisor prior to disclosure by the Issuer to the Advisor;
- (c) became known to the Advisor from a source other than the Issuer other than by the breach of any obligations of confidentiality owed to the Issuer;
- (d) or is independently developed by the Advisor prior to the effective date of this Agreement.

7.3 The Advisor acknowledges that by virtue of this Agreement, it will have access to and acquire Confidential Information, which information is the exclusive property of the Issuer.

7.4 The Advisor also acknowledges that the disclosure of Confidential Information, either to competitors or third parties, would be highly detrimental to the interests of the Issuer and could cause irreparable harm to the Issuer. Accordingly, the Advisor undertakes to keep confidential all Confidential Information, and not to disclose it to any third party or to use it for any purpose either during or after the termination of this Agreement, except as may be necessary in the proper discharge of the Advisory Services, or with prior written permission from the Issuer, or as required by law.

7.5 The Advisor also agrees that all rights, title, interest in and to the Confidential Information, whether or not developed by the Advisor will be and remain the Issuer’s exclusive property, unless expressly transferred to the Advisor for good and valuable consideration.

7.6 All notes, data, tapes, customer files and other materials in any way relating to any of the Confidential Information or the Issuer's business undertaken or managed by the Advisor or coming into the Advisor's possession by or through its relationship with the Issuer, shall belong exclusively to the Issuer, and the Advisor agrees to turn over to the Issuer all copies, both hard and soft, of any such materials in its possession or under its control, forthwith, at the request of the Issuer or, in the absence of a request, at the termination of this Agreement.

7.7 The Advisor shall notify the Issuer immediately upon discovery of any unauthorized use or disclosure of Confidential Information, and shall co-operate with the Issuer in every reasonable manner to aid the Issuer to regain possession of said Confidential Information and prevent all such further unauthorized use.

7.8 The provisions of this Section 7 shall survive the termination of this Agreement for a period of 2 years.

8. CURRENCY

8.1 All funds referenced in this Agreement are stated in Canadian dollars.

9. HEADINGS

9.1 The headings in this Agreement are for convenience of reference only and do not affect the interpretation of this Agreement.

10. ENTIRE AGREEMENT

10.1 This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained in this Agreement, except for the agency agreement dated May 24, 2007 between the Issuer and the Advisor. This Agreement supersedes all prior and contemporaneous agreements (except for the agency agreement dated May 24, 2007 between the Issuer and the Advisor) and all prior and contemporaneous representations and understandings of the parties pertaining to the subject matter contained in this Agreement.

11. AMENDMENT

11.1 No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all parties.

12. WAIVER

12.1 No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

13. NECESSARY ACTS

13.1 Each party to this Agreement agrees to perform any further acts and execute and deliver any further documents that may be reasonably necessary to carry out the provisions of this Agreement.

14. SUCCESSORS AND ASSIGNS

14.1 This Agreement shall be binding upon and inure to the benefit of the parties and their respective

heirs, beneficiaries, legal representatives, successors and assigns. This Agreement may only be assigned by the Advisor with the express written consent of the Issuer.

15. PARTIES IN INTEREST

15.1 Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to this Agreement and their respective successors and assigns. Nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third person to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over against any party to this Agreement.

16. NOTICE

16.1 Any notice under this Agreement will be given in writing and must be delivered or sent by facsimile transmission or other means of electronic communication capable of producing a printed copy to the party to which notice is to be given at the address indicated above, or at another address designated by the party in writing.

16.2 If notice is sent by facsimile transmission or other means of electronic communication capable of producing a printed copy or is delivered, it will be deemed to have been given at the time of transmission or delivery.

17. LAW

17.1 This Agreement is governed by the law of British Columbia, and the parties hereto irrevocably attorn and submit to the jurisdiction of the courts of British Columbia with respect to any dispute related to this Agreement.

18. ELECTRONIC MEANS

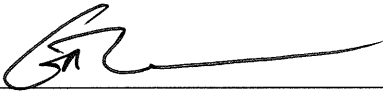
18.1 Delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the date set forth on page one of this Agreement.

19. COUNTERPARTS

19.1 This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed to be an original and all of which together shall constitute one instrument.

This document was executed and delivered as of the date given above:

SIERRA GEOTHERMAL POWER CORP.

Per: 

Gary Thompson
President and Chief Executive Officer

JACOB SECURITIES INC.

Per: _____
Sasha Jacob
President and Chief Executive Officer

This document was executed and delivered as of the date given above:

SIERRA GEOTHERMAL POWER CORP.

Per: _____
Gary Thompson
President and Chief Executive Officer

JACOB SECURITIES INC.

Per:  _____
Sasha Jacob
President and Chief Executive Officer

SCHEDULE "A"

ACCREDITED INVESTOR STATUS CERTIFICATE

The undersigned Advisor, a resident of, or otherwise subject to the securities laws of a province of Canada hereby represents, warrants and certifies, as an integral part of the attached Advisory Agreement, that it is and on the date the Warrants, the Unit Shares, the Unit Warrants and the Unit Warrant Shares are issued to the Advisor will be, correctly and in all respects described by the category or categories set forth directly next to which the Advisor has marked below.

- (1) a Canadian financial institution, or a Schedule III bank.
- (2) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada).
- (3) a subsidiary of any person referred to in paragraphs (1) or (2), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.
- (4) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than a person registered solely as a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador).
- (5) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (4).
- (6) the Government of Canada or a jurisdiction of Canada, or any crown company, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada.
- (7) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec.
- (8) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government.
- (9) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada.
- (10) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000.
- (11) an individual whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year.
- (12) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000.

- (13) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements.
- (14) an investment fund that distributes or has distributed its securities only to
 - (a) a person that is or was an accredited investor at the time of the distribution,
 - (b) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [*Minimum amount investment*], and 2.19 [*Additional investment in investment funds*] of NI 45-106, or
 - (c) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [*Investment fund reinvestment*] of NI 45-106.
- (15) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt.
- (16) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be.
- (17) a person acting on behalf of a fully managed account managed by that person, if that person
 - (a) is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction, and
 - (b) in Ontario, is purchasing a security that is not a security of an investment fund.
- (18) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded.
- (19) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (1) to (4) or paragraph (9) in form and function.
- (20) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors.
- (21) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser.
- (22) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as
 - (a) an accredited investor, or
 - (b) an exempt subscriber in Alberta or British Columbia after NI 45-106 comes into force.

Note: A summary of the meanings of some of the terms used in this Accredited Investor Status Certificate follows the signature block below.

DATED _____, 2009

JACOB SECURITIES INC.

Per: 
Sasha Jacob
President and Chief Executive Officer

For the purposes of this Accredited Investor Status Certificate, the following definitions are included for convenience:

- (a) “affiliate” means that an issuer is an affiliate of another issuer if:
 - (i) one of them is the subsidiary of the other, or
 - (ii) each of them is controlled by the same person.
- (b) “Canadian financial institution” means
 - (i) an association governed by the Cooperative Credit Associations Act (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
 - (ii) a bank, loan company, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada.
- (c) “company” means any company, incorporated association, incorporated syndicate or other incorporated organization;
- (d) “control person” has the same meaning as in securities legislation except in Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Quebec where control person means any person that holds or is one of a combination of persons that holds
 - (i) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer, or
 - (ii) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer.
- (e) “entity” means a company, syndicate, partnership, trust or unincorporated organization;
- (f) “financial assets” means cash, securities, or any contract of insurance or deposit or evidence thereof that is not a security for the purposes of the securities legislation;

- (g) “fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;
- (h) “mutual fund” means:
 - (i) for the purposes of British Columbia law,
 - (A) an issuer of a security that entitles the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in a part of the net assets, including a separate fund or trust account, of the issuer of the security,
 - (B) an issuer described in an order that the commission may make under section 3.2 of the Securities Act (B.C.), and
 - (C) an issuer that is in a class of prescribed issuers,but does not include an issuer, or a class of issuers, described in an order that the commission may make under section 3.1 of the Securities Act (B.C.);
 - (ii) for the purposes of Alberta law,
 - (A) an issuer whose primary purpose is to invest money provided by its security holders and whose securities entitle the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets, including a separate fund or trust account, of the issuer, or
 - (B) an issuer that is designated as a mutual fund under section 10 of the Alberta Securities Act (Alberta) or in accordance with the regulations,but does not include an issuer, or class of issuers, that is designated under section 10 of the Alberta Securities Act (Alberta) not to be a mutual fund;
 - (iii) for the purposes of Ontario law, an issuer whose primary purpose is to invest money provided by its security holders and whose securities entitle the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value as a proportionate interest in the whole or in part of the net assets, including a separate fund or trust account, of the issuer;
 - (iv) for the purposes of Quebec law, a company issuing shares which must, on request of the holder, redeem them at their net asset value;
- (i) “non-redeemable investment fund” means an issuer:
 - (i) whose primary purpose is to invest money provided by its security holders;
 - (ii) that does not invest,

- (A) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
- (B) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
- (iii) that is not a mutual fund;
- (j) “person” includes
 - (i) an individual,
 - (ii) a corporation,
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
 - (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (k) “portfolio adviser” means:
 - (i) a portfolio manager; or
 - (ii) a broker or investment dealer exempted from registration as an adviser under section 148 of the regulation made under the Securities Act (Ontario) if that broker or investment dealer is not exempt from the by-laws or regulations of the Toronto Stock Exchange or the Investment Dealers’ Association of Canada referred to in that section;
- (l) “related liabilities” means liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets or liabilities that are secured by financial assets; and
- (m) “spouse” means an individual who:
 - (i) is married to another individual and is not living separate and apart within the meaning of the Divorce Act (Canada) from the other individual,
 - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
 - (iii) in Alberta, is an individual referred to in paragraph (i) or (ii), or is an adult interdependent partner within the meaning of the Adult Interdependent Relationships Act (Alberta);
- (n) “subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.