

USA VIDEO INTERACTIVE CORP.

January 27, 2006



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2006 FEB -6 P 4: 21
OFFICE OF INTERNATIONAL
CORPORATE FINANCE

Securities and Exchange Commission
Office of International Finance
450 - 5th Street NW
Washington, D.C. 20549

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FILE #82-1601

Dear Sir/Madam:

**Re: USA Video Interactive Corp. (the "Company")
News Release**

Enclosed for your reference is a copy of the Company's recent News Release, which was delivered to an acceptable dissemination service with instructions for "Immediate Release".

Yours truly,

USA VIDEO INTERACTIVE CORP.

"Anton (Tony) J. Drescher"

Per:
Anton (Tony) J. Drescher
Director

/ad
Encl.

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2006 FEB -6 P 4: 21 For Investor Relations Contact:

OFFICE OF INTERNATIONAL
CORPORATE FINANCE

Jon Caserta

(877) 425-8347

usvo@blueskyir.com

USVO TO RAISE \$90,000 US BY WAY OF PRIVATE PLACEMENT

(Vancouver, BC – January 27, 2006) - **USA Video Interactive Corp.** (OTCBB: USVO; TSX: US; BSE/Frankfurt: USF; <http://www.usvo.com>), announces that it has arranged a private placement of up to an aggregate of 1,500,000 units in the capital stock of **USA Video** to various investors at a price of \$0.06 US (\$0.07 Cdn.) per unit. Each unit consists of one common share and one non-transferable share purchase warrant (the "Warrant"). Each one Warrant entitles the holder thereof to purchase one additional common share at a price of \$0.087 US (\$0.10 Cdn.) per share, exercisable for a period of two years from the date of payment for the units. The 1,500,000 common shares to be issued as part of the units and the 1,500,000 common shares that may be issued upon conversion of the Warrants are subject to a 12-month hold period from the date of payment for the units. Insiders of **USA Video** will be participating in this financing. The issuance of the private placement units is subject to regulatory acceptance.

The private placement proceeds will be utilized for the continued marketing of **USA Video's** Video-on-Demand™ technology, marketing of **USA Video's** patent pending Digital Rights Management (DRM) technology, patent enforcement including the pursuit of licensing agreements and for general working capital.

About USVO:

USVO is a developer and supplier of Internet media delivery services, systems, and innovative end-to-end solutions. USVO developed its MediaSentinel digital watermarking technology and its StreamHQ architecture to provide a wide range of business customers with value-added media delivery services. USVO holds the pioneering patent for store-and-forward video, filed in 1990 and issued by the United States Patent and Trademark Office on July 14, 1992; it has been cited by at least 165 other patents. USVO holds similar patents in Germany, Canada, England, France, Spain, Italy and Japan. For more information, visit www.usvo.com.

On behalf of the Board of Directors
of **USA Video Interactive Corp.**

"Anton J. Drescher",
Corporate Secretary

USA Video Interactive Corporate Headquarters Office: 83 Halls Road, Old Lyme, Connecticut, 06371 Telephone (860) 434 - 5535
Facsimile (860) 434 - 5782; Canada Office: 507 - 837 West Hastings Street, Vancouver, BC V6C 3N6. Trading symbol on the OTCBB:
USVO; Trading symbol on the TSX Venture Exchange US; Trading symbol on the Berlin and Frankfurt Stock Exchanges: USF. CUSIP
902924208. For more information contact (860) 434 - 5535, Extension 125; contact@usvo.com

The press release may contain forward-looking statements. Actual results may differ materially from those projected in any forward-looking statements. Investors are cautioned that such forward-looking statements involve risk and uncertainties, which may cause actual results to differ from those described.

The TSX Venture Exchange (TSX) has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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