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COMPANY PRESENTATION

DECEMBER - 2009

Caution Regarding Forward-Looking Statements

These slides and the accompanying oral presentation contain certain "forward-looking information" within the meaning of Canadian securities laws, which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding our growth, results of operations, estimated future revenues, requirements for additional capital, production costs and revenue, future demand for and prices of electricity, business prospects, opportunities and estimates of recoverable geothermal energy "resources" or energy generation capacities (at either P_{90} or P_{50}). Such forward-looking information reflects management's current beliefs and is based on information currently available to management.

A number of known and unknown risks, uncertainties and other factors, may cause our actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, those discussed in the section of our prospectus entitled "Risk Factors". These factors should be considered carefully. The forward-looking information is also based upon what management believes to be reasonable assumptions, including, but not limited to, assumptions about: the success and timely completion of planned exploration and expansion programs, including expansion and improvements to operations in Iceland and to our Soda Lake Operation in Nevada; the growth rate in net electricity consumption; support and demand for non-hydroelectric renewables; government initiatives to support the development of renewable energy generation; the accuracy of resource and reserve estimation methodology and probabilistic analysis used to estimate the quantity of potentially recoverable energy; geological, geophysical, geochemical and other conditions at our properties; the reliability of technical data, including extrapolated temperature gradient, geophysical and geochemical surveys and geothermometer calculations; capital expenditure estimates; availability of capital to fund exploration, development and expansion programs; and general economic conditions. Forward-looking information and statements are also based upon the assumption that none of the identified risk factors that could cause actual results to differ materially from the forward-looking information and statements will occur.

There can be no assurance that the forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, prospective investors should not place undue reliance on forward-looking information. Other than as required by applicable securities laws, we assume no obligation to update or revise such forward-looking information to reflect new events or circumstances.

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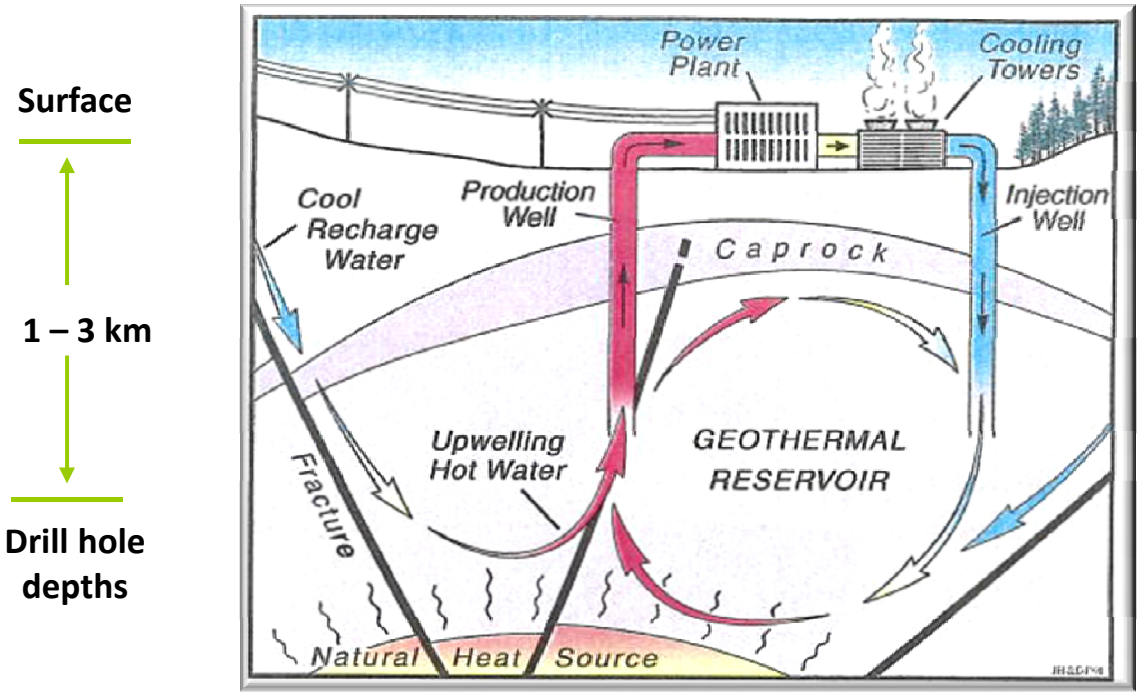
Geothermal - What is it?

- Geothermal is a proven, global, underexploited, base-load, renewable energy source
- Literally heat from the earth, derived from deep natural nuclear reactions which create magma (molten rock)
- Requires Heat, Permeability and Water



Source: University of Utah – the Energy & Geosciences Institute (EGI)

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Geothermal - Major Advantages

- **Base Load -** 24x7 operation with very high capacity factor +90%
- **Lowest Levelized ("All-in") Cost -** $60 - $80/MWh. No fuel cost, zero exposure to commodity prices and risks
- **Clean -** smallest footprint, minimal to zero emissions
- **Long-lived** - fully renewable; derived from perpetual earth heat
- **Low Technological Risk** - plants in operation for over 100 years

Soda Lake geothermal plant - Nevada

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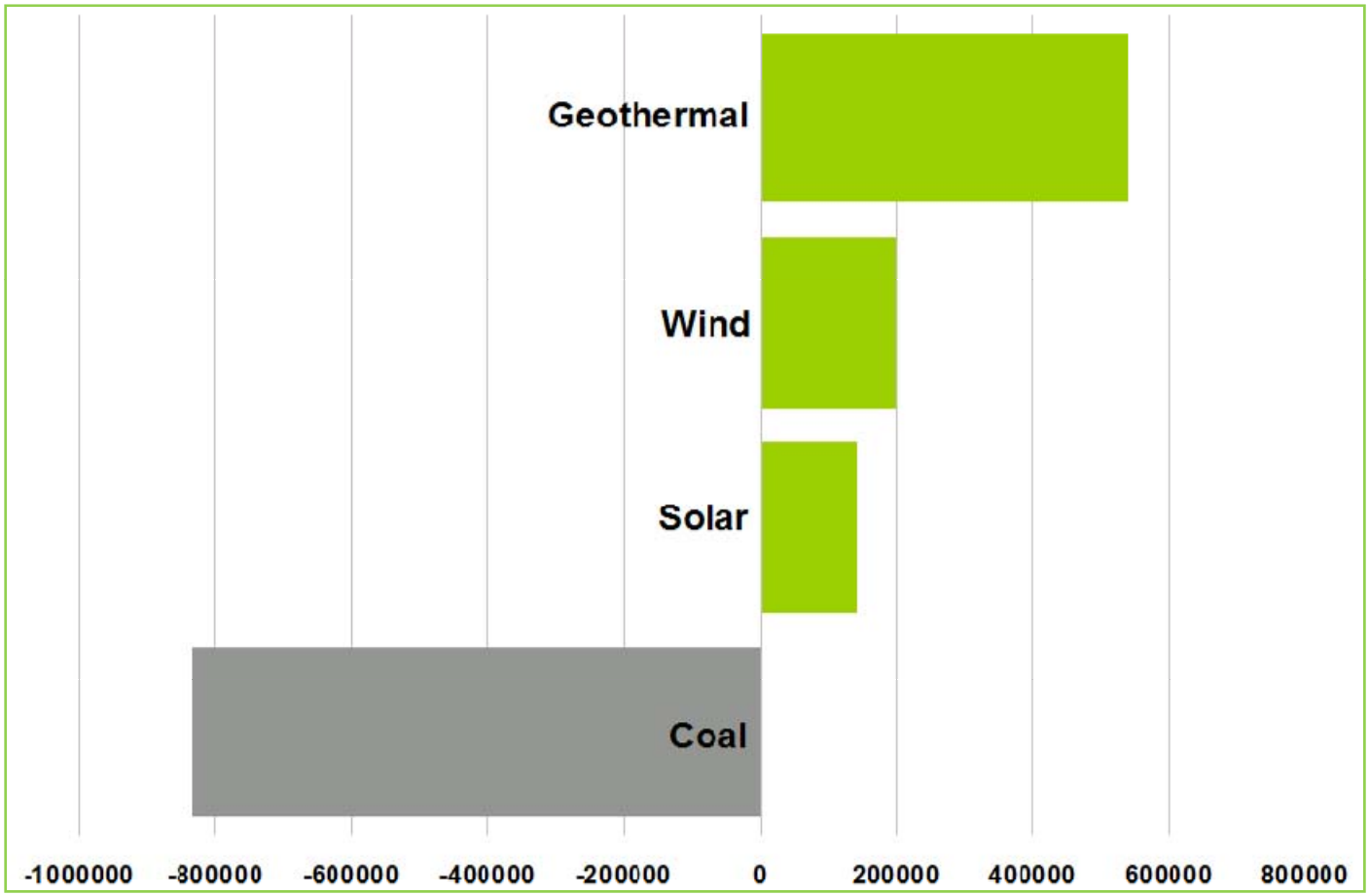
Carbon Offsets

100 MW's of Geothermal Production Offsets ≈ 550,000 t of CO_2/yr

TONNES OF CO_2 OFFSETS / 100 MW* OF GENERATION



*Based on a conversion rate of 0.65 tonnes of CO_2 per MWh of renewable electricity

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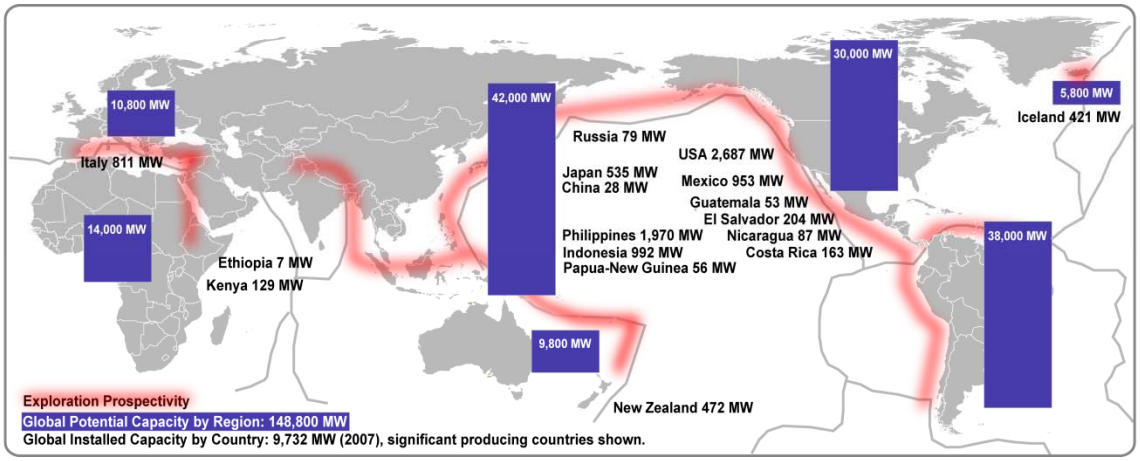
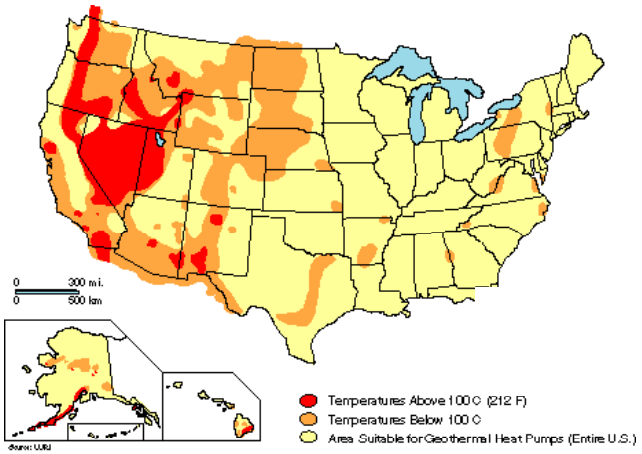
Global Installed Geothermal Capacity and Exploration Potential

- A global energy source
- Established industry, proven technology - world production capacity nearly 10,000 MW
- First geothermal plant in Italy in 1904 – still producing
- Biggest current producers: Chevron, Philippines' PNOC-EDC, Mexico's CFE, Calpine, Italy's ENEL, Ormat, Indonesia's PLN-Pertamina, Iceland's HS Orka
- Many of the most promising areas for development are in active global plate boundaries, e.g. "ring of fire"
  - USA has large undeveloped resource potential: today 3,000 MW, potential for > 20,000 MW
  - USA capacity long term > 100,000 MW via EGS (enhanced geothermal system)

WORLD GEOTHERMAL PROVINCES - "Ring of Fire"



US GEOTHERMAL PROVINCES



Source: GHC Bulletin Sept 2007, IGA

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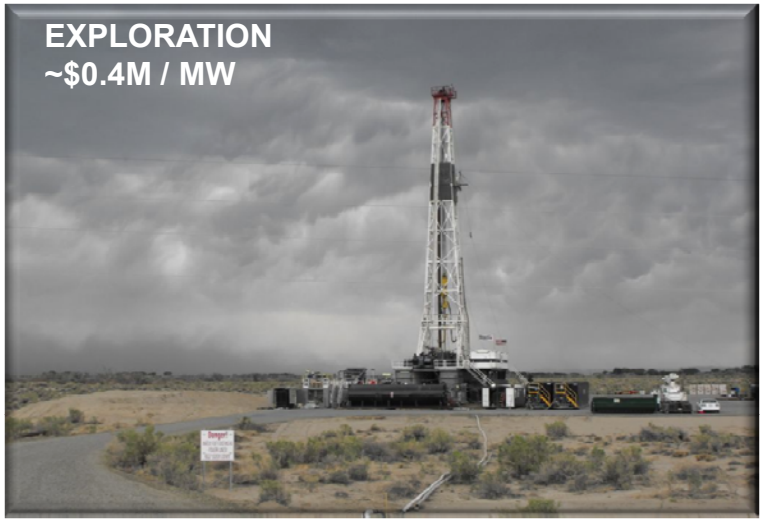
Geothermal - Development Cycle



Electricity Generation
Average capital cost ≈ $4.0 M/MW
Average operating cost ≈ $25/MWh*

$/MW amounts are approximations of cost of each stage of development cycle on a per megawatt basis

* Credit Suisse : Scientific American Mar 02-09

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Magma Energy Corp - The Mission

- Mission: To become the pre-eminent geothermal energy company in the world
- Growth-oriented, “pure play”
- 2 year business plan to produce 100 MW of geothermal electricity and define capacity of 1,000 MW
- From inception in 2008 we have:
  - Raised C$184 Million
  - Built a world-class team
  - Acquired:
    - **A Nevada operating plant with 11 MW of production and 18 MW expansion potential**
    - **A 43% interest in Iceland’s largest private geothermal operating company producing 175 MW from 2 plants (Magma’s interest 75 MW) with 230 MW planned expansions (Magma’s interest 99 MW)**
    - **An extensive portfolio of 24 early and 7 advanced stage exploration properties globally**
  - Discovered a 140 MW Inferred Resource in Chile

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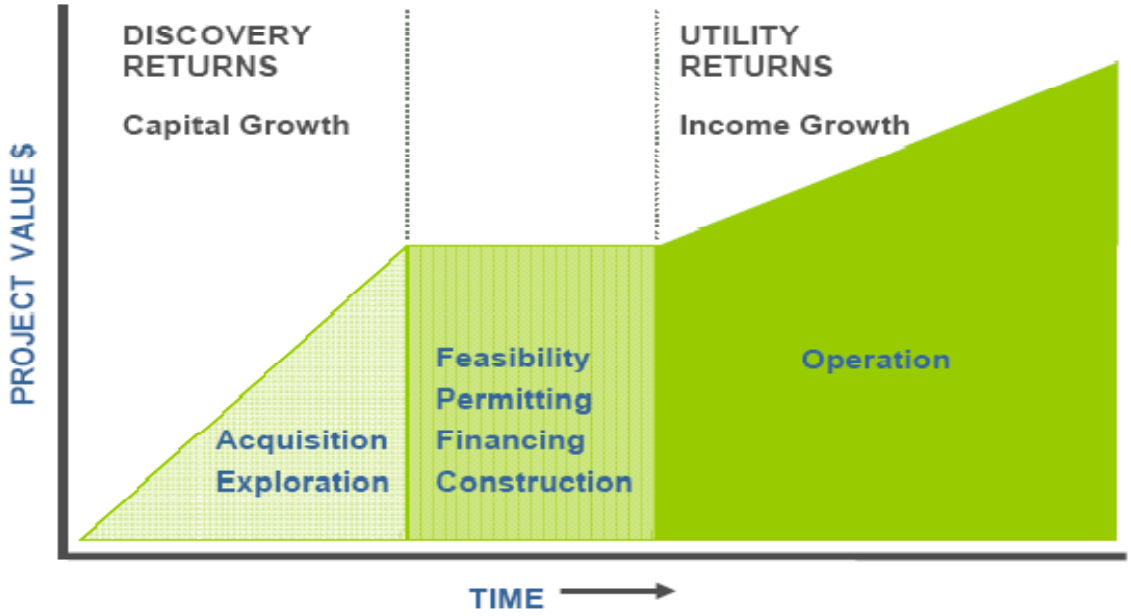
The Strategy - Discover, Build, Operate, Acquire

- Strategy emphasizes “discovery returns” and “utility returns”
- Targeting the steepest part of the “value-add” curve where exploration success can increase shareholder value most rapidly
- Also provide premium valuation as Magma develops a critical mass of geothermal production
- Exploit fragmented geothermal industry through acquisitions



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Company Milestones - Rapid Growth

DATE	EVENT	AMOUNT	MW RESERVES	MW RESOURCES
Jan - 08	Magma Incorporated	C$110,500		
Jun - 08	Private Placement	C$13.0 M		
Aug - 08	Acquired Nevada/Utah Properties	(US$10.7 M)		**170 MW**
Oct - 08	Acquired Soda Lake operating plant	(US$17.5 M)	**11 MW**	**18 MW**
Dec - 08	Acquired 2 US Properties NV + OR	(US$0.84 M)		
Jan/Feb - 09	Private Placement	C$39.0 M		
Jul - 09	IPO	C$110.0 M		
Jul - 09	Acquired 7 properties NV lease sale	(US$ 2.6 M)		
Jul - 09	Maule – Chile Inferred Resource	(US$ 1.6 M)		**140 MW**
Jul/Sep - 09	Deal to acquire 43% HS Orka	(US$55.0 M) (+US$70M bond)	**75 MW**	**276 MW**
Oct - 09	Private Placement	C$21.6 M		
Oct - 09	Awarded 2 Nicaragua Properties			
Oct - 09	U.S. Department of Energy Grants	US$10 M		
Nov/Dec - 09	Deal closed on 40.94%, 2.16% closes Mar 2010			
		TOTALS	**86 MW**	**604 MW**

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Cash Flow Model and Sensitivity Due to U.S. Incentives

50 MW PROJECT - EXAMPLE		US $M
Development Equity		40
Construction & Financing Costs		160
Total Cost		**200**
Assumes no US DOE incentive, no carbon credit revenues and 3 years to commercial operation		
Projected EBITDA		30
EBITDA Multiple (reference Ormat @ 16x)		12x
Project Value		**360**
Less: Project Debt	70%	140
Value to Equity Holders		**220**
Total Equity Invested		**60**
Assumes ITC grant at commercial operation equal to 30% of project costs, no carbon credit revenues and 3 years to commercial operations		
Plus: ITC Grant	30%	60
Value to Equity Holders		**280**
Total Equity Invested		**60**
Assumes $5M Department of Energy Grant		
Plus: DoE Grant US $		5
Value to Equity Holders		**285**
Total Equity Invested		**60**

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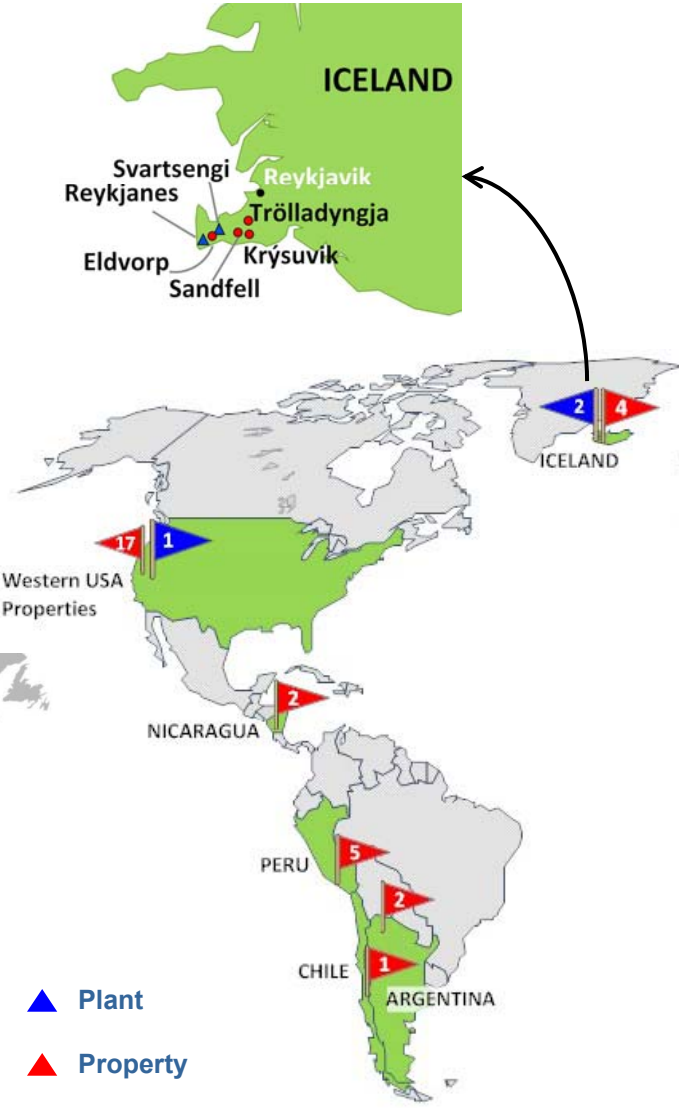
Magma Energy Corp - Global Project Pipeline

STAGE	PROPERTY	AREA (HA)	MW RESOURCES	MW RESERVES
Operations	Soda Lake, Nevada (100%)	2,071	18	11
	HS Orka, Iceland (43%)	34,183	276 [(1)]	75
Advanced	Chile (1)	40,000	140 [(2)]	
	USA (4)	17,468	170 [(3)]	
Early Stage	Argentina (2)	39,057		
	Nicaragua (2) [(4)]	20,000		
	Peru (5)	5,400		
	USA (13)	37,836		
		196,015	**604**	**86**

[(1)] Independent estimate Mannvit Engineering , Dec/09
[(2)] SKM Inferred Resource Estimate
[(3)] Independent estimate P_{90} Geo Hills Associates, Oct/08
[(4)] 50/50 JV Polaris Geothermal



Production - Soda Lake, Nevada (100%)

- 11 MW_{gross} (9 MW_{net}) with nameplate capacity of 23 MW_{gross} (16 MW_{net})
- Currently operating at 50% of capacity
- Phase 1 expansion to 23 MW_{gross} - currently underway
  - Drilling two new production wells and improving plant efficiency - US$18.2M
  - Target blended PPA rate of $85/MWh to reflect expanded capacity, market terms
  - Average cost of acquisition and expansion ~ $1.5 Million/MW
  - Projected EBITDA ~ $7 Million
- Phase 2 expansion – achieve reservoir capacity 29 MW (P_{90})

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Production - HS Orka, Iceland (43%)

- Iceland has very large high temperature geothermal resources
- Magma has acquired 43% of Icelandic geothermal company HS Orka
  - Completed 40.94%
  - Further 2.16% to close by March, 2010
- Average acquisition cost of $1.6 Million/MW
- HS Orka currently generates 175 MW from two power plants: Svartsengi (75 MW) and Reykjanes (100 MW)
- Plans for future 230 MW expansion for a total output of 405 MW by 2015
- Total Reserves of 175 MW (75 MW net to Magma) and Total Resources of 640 MW (276 MW net to Magma)


Reykjanes geothermal plant - Iceland

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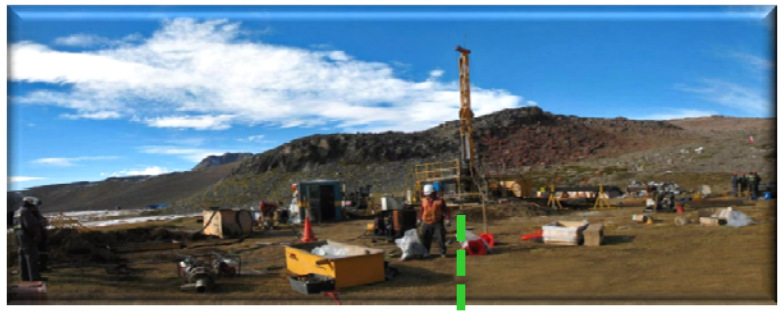
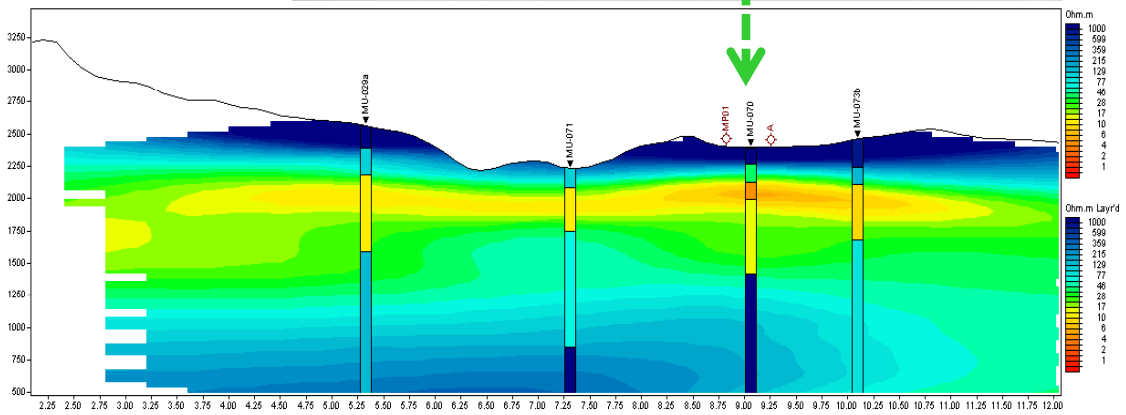
Advanced Exploration - Maule, Chile (100%)

- 40,000 hectares, nearby active volcanism, very large MT anomaly indicates significant resource potential
- Geology, geophysics, magneto-telluric (MT), geochemistry program completed March/09 - US$1M
- Slim hole drilling program completed June/09: +200°C water at 650m depth - US$1.2M
- 140 MW Inferred Resource estimate prepared by SKM Consultants, July/09
- Exploitation Development Plan Submitted July/09





Advanced & Early Stage Project Pipeline

Stage	Property	Area (ha)	24 Month Budget ($M)	MW Resources
Advanced				
Chile	Maule	40,000	$15.0	140 [1]
Iceland	HS Orka	34,183	$ 9.5	276 [2]
USA	Soda Lake	2,071	$ 8.6	18
USA	McCoy - NV	7,815	$10.1	80 [3]
USA	Panther - NV	4,515	$ 3.9	34 [3]
USA	Desert Queen - NV	4425	$ 6.0	36 [3]
USA	Thermo - UT	713		20 [3]
Early Stage				
Argentina	2 Concessions	39,057		
Nicaragua	2 Concessions [4]	20,000		
Peru	5 Concessions	5,400		
USA	13 Leases NV + OR	37,836		
TOTAL		**196,015**	**$ 53.1 M**	**604 MW**

[1] SKM Inferred Resource Estimate
[2] Independent estimate, Mannvit Engineering, Dec/09
[3] Independent estimate P_{90} [Geo Hills Associates, Oct/08]
[4] 50/50 JV Polaris Geothermal

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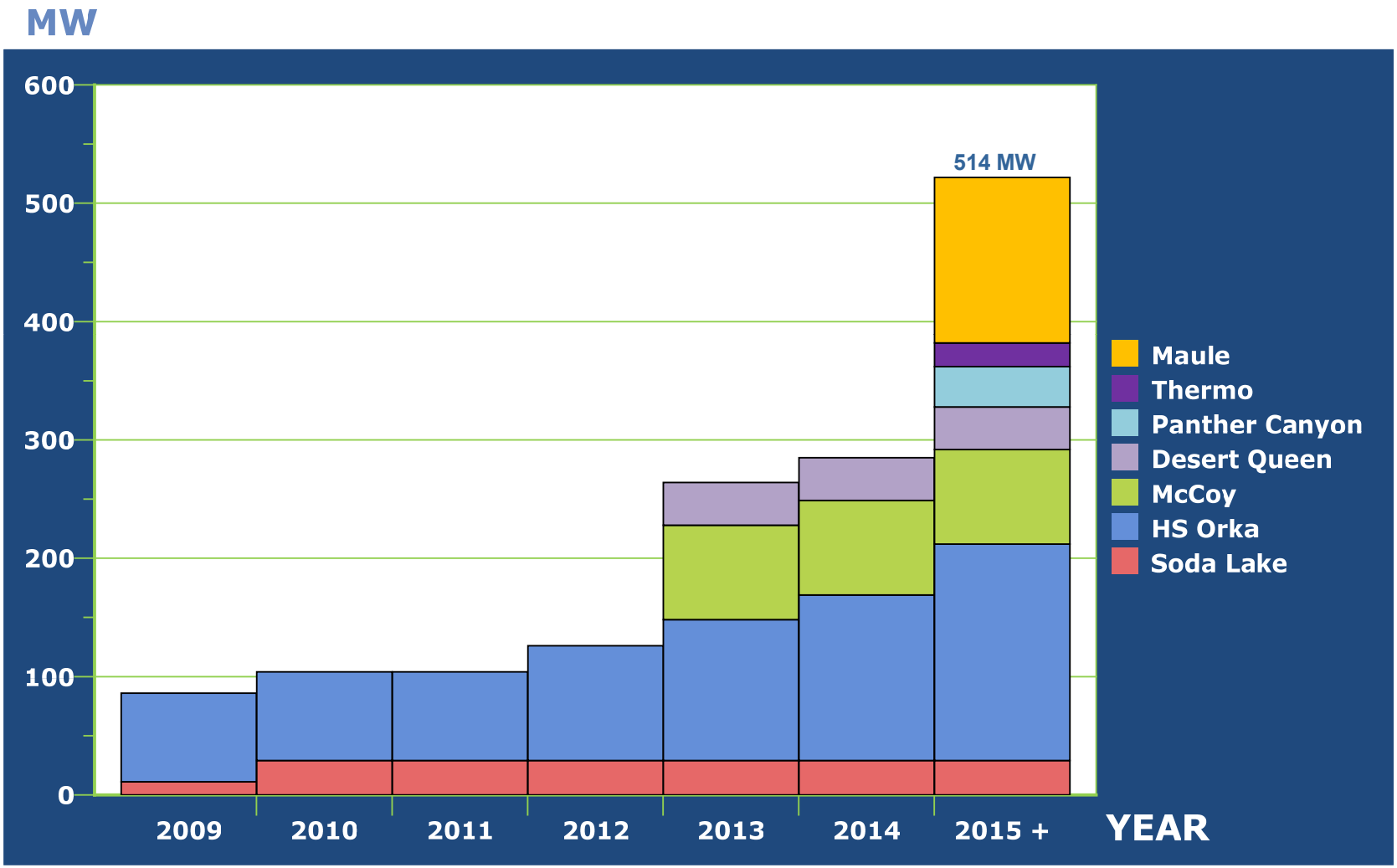
Organic Growth - Advanced Projects Development Timeline



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Ownership & Capital Structure

- Magma's largest shareholders
  - Ross Beaty / Sitka Foundation - 45.38%
    (Sitka is a private environmental foundation)
  - Springleaf Enterprises / Saudi Interests - 13.33%
  - AltaGas Income Trust - 4.56%
  - Institutional shareholders - 21.25%
  - Retail shareholders - 15.48%

Round	Shares	Proceeds C$ (2)	Date Purchased
Founders(1)	110,500,001	$110,500	Apr-08
Seed Round(1)	21,616,667	$12,970,000	Jun-08
Private Placement (1)	31,145,000	$38,931,250	Jan/Feb-09
IPO	66,667,000	$100,000,500	Jul-09
IPO Over-allotment	6,933,334	$10,400,001	Jul-09
Private Placement	11,652,639	$21,560,000	Oct-09
TOTAL	**248,544,641**	**$183,972,251**	

(1) Subject to sale restrictions (2) Gross proceeds

TSX: MXY trading chart

Stock Options	2,340,000
Warrants	0
Debt	0

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Analyst Coverage

COMPANY	ANALYST	CONTACT
Cormark Securities	MacMurray Whale	mwhale@cormark.com
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Salman Partners	Mike Plaster	mplaster@salmanpartners.com
Thomas Weisel Partners	Dilip Warrier	dwarrier@tweisel.com
Wellington West Capital Markets	Sean Peasgood	speasgood@wwcm.com

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World Class Management Team

Ross Beaty – *Chairman & CEO*
Geologist and resource company entrepreneur with 37 years experience in the international minerals industry. Founder and chair of Pan American Silver Corp. (TSX: PAA, NASDAQ: PAAS) and several other resource companies that were successfully built and divested including Northern Peru for $455 Million and Global Copper Corp for $415 Million

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Dr. Frank Monastero: *President*
Headed up US Navy Geothermal Program for 20 years. Supervised development and operation of 270 MW Coso geothermal project, CA. President GRC

Richard Hoops: *Project Manager*
Over 34 years experience in U.S. geothermal resource management

Monte Morrison: *Vice President Operations*
Professional Engineer with 24 years experience managing the operations and maintenance of geothermal power plants in Nevada, California and Hawaii

Dr. Jordon Hastings: *Vice President Data & IT*
Extensive experience and diverse background in spatial data management, data systems and informatics.

Dr. Gary Oppliger: *Chief Geophysicist*
Over 30 years experience in geophysical exploration and author of more than 50 technical papers.

Jim Echols: *Land Acquisition Manager*
Engineer and successful entrepreneur developing new geothermal technology and advancing energy efficiency and pollution prevention technologies

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Sandra Lim: *Chief Financial Officer*
Certified General Accountant. CFO with four resource companies since 2003; prior with major accounting firm

Lyle Braaten: *Secretary & General Counsel*
Lawyer. Extensive experience negotiating commercial agreements and implementing large infrastructure projects

Dr. Catherine Hickson: *Chief Geologist*
World renowned volcanologist with over 25 years experience in Canadian and international geosciences

Alison Thompson: *VP Corporate Relations*
Masters of Chemical Engineering and Queen's MBA Degree. Extensive experience in the energy industry. Chair of CanGEA

Andrea Zaradic: *VP Corporate Development*
Mechanical Engineer with 20 years experience in engineering design, construction, commissioning and operations with large international mining projects

Frank Baumann: *Exploration Manager*
Geological engineer involved with geothermal energy exploration for past six years

John Selters: *Country Manager, Chile & Argentina*
Mining engineer with 40 years experience in Latin America

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Institutional Quality Board of Directors

- **Ross Beaty** - *Chairman and CEO*

- **David W. Cornhill** - *Member Audit, Compensation and Governance Committees*

  Mr. Cornhill is the founder, Chairman and Chief Executive Officer of AltaGas Income Trust, one of Canada's largest energy infrastructure groups, focused on gas and power infrastructure and renewable energy (wind and hydro). With more than 25 years of experience in the energy industry, Mr. Cornhill also sits on several private and public boards including AltaGas Utility Group and Ivey Business School.

- **Robert Pirooz** - *Chair Corporate Governance Committee, Member Compensation Committee*

  Mr. Pirooz studied commerce at Dalhousie University and received a law degree from the University of British Columbia in 1989. Mr. Pirooz practiced law in Vancouver and Victoria, British Columbia from May 1990 to February 1998 primarily in the areas of corporate and commercial and securities law. Mr. Pirooz has served as General Counsel of Pan American Silver Corp from April 1998 to the present, other than from October 2000 to December 2002 when he was General Counsel and Vice President of the BCR Group of Companies.

- **Donald Shumka** - *Chair Audit Committee, Member Governance Committee*

  Mr. Shumka is Managing Director of Walden Management Ltd., a financial consulting firm. Mr. Shumka received his Bachelor of Arts degree from the University of British Columbia and a Master of Business Administration from Harvard University. From 1966 -1979 he worked in a variety of positions in the forest industry, from 1979 -1989 he was Vice President and Chief Financial Officer of West Fraser Timber Co. Ltd. and from 1989 - 2004 he headed the Forest Products Group for two Canadian investment banks. Mr. Shumka is active in the not for profit sector and is currently the Chair of the British Columbia Arts Council.

- **Paul Sweeney** - *Chair Compensation Committee, Member Audit Committee*

  Mr. Sweeney has over 30 years experience in financial management of mining and renewable energy companies. He is currently Executive Vice-President, Business Development, of Plutonic Power Corporation, a run-of-river hydro developer. He has served as CFO of a number of successful mineral resource companies including Canico Resources and Sutton Resources and is a Director of several resource companies including Pan American Silver Corp. where he chairs the audit committee.

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