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**MAGMA ENERGY TO SELL 25% OF ICELAND SUBSIDIARY HS ORKA
TO ICELANDIC PENSION FUNDS**

Vancouver, B.C., Canada, April 18 , 2011 – Magma Energy Corp. (TSX: MXY) announces that its wholly-owned subsidiary, Magma Energy Sweden AB has signed a term sheet to sell a 25% interest in its 98.5%-owned Icelandic geothermal power company HS Orka hf to a group of Icelandic pension funds. The purchase price of ISK 8.06 billion (approximately US \$71.5 million) is approximately equal to Magma's original cost of acquisition. The pension funds will also hold an option until February 10, 2012 to purchase new shares from HS Orka treasury that, if exercised, would increase their stake in HS Orka to 33.4% at a cost of ISK 4.7 billion (approximately US \$41.7 million). Magma has also agreed to provide the pension funds with significant minority shareholder rights to appoint Board members and participate in the major decisions of HS Orka as long as they continue to hold at least a 22.5% interest. The transaction is subject to a number of conditions, including further due diligence, and is expected to close in May.

About Magma Energy Corp.

Magma Energy Corp. is a global geothermal power company which operates, develops, explores and acquires geothermal energy projects. We have an extensive portfolio of properties throughout the western United States, Iceland and Latin America, including one operating power plant in Nevada and two in Iceland.

About HS Orka

HS Orka is the largest privately owned energy company in Iceland producing 9% of the country's power needs and 10% of the country's heating needs. Installed geothermal power capacity is 175 MW from the Svartsengi and Reykjanes power plants. In addition, HS Orka generates 150 MW of thermal energy for district heating. Expansions are planned that could increase HS Orka's geothermal power production to 405 MW by 2016. HS Orka's 75 MW Svartsengi plant began production in 1977 and its 100 MW Reykjanes plant began production in 2006. The electrical supply is partly sold in US dollars to industrial users under long-term power purchase agreements.

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Cautionary Note regarding Forward-Looking Statements and Information

This news release contains 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, prospects for closing of the sale described in the term sheet including the agreement on the final form of all required documentation, the fulfillment of all conditions precedent to the obligation of the parties under any final agreements, required consents and third party approvals. This news release also contains statements with respect to our plans to expand our operations and HS Orka's plans to expand their geothermal power production, management's expectations regarding our growth, business prospects and opportunities and geothermal energy generation capacities. Such forward-looking information reflects management's current beliefs and is based on information currently available to management.

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.