

MAGELLAN AEROSPACE CORPORATION CHARTER OF THE AUDIT COMMITTEE

MANDATE

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Magellan Aerospace Corporation (the “Corporation”) to assist the Board in its oversight of the reliability and integrity of the accounting principles and practices, financial statements and other financial reporting, and disclosure practices followed by the Corporation and its subsidiaries.

The Committee’s primary duties and responsibilities are to:

- Review and assess management’s identification of principal financial risks and monitor the process to manage such risks.
- Review and assess management’s overall process to identify principal risks that could affect the achievement of the Corporation’s business plans.
- Monitor and report on the integrity of the Corporation’s financial statements, financial reporting processes and systems of internal controls regarding financial reporting and accounting compliance and compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts.
- Select and recommend to the Board the Corporation’s external auditors for appointment by the shareholders.
- Pre-approve all audit and non-audit services to be provided by the Corporation’s external auditors consistent with all applicable laws and establish the fees and other compensation to be paid to the external auditors.
- Oversee the work of the external auditors.
- Monitor the independence and performance of the Corporation’s external auditors.
- Monitor the performance of the internal audit processes.
- Establish procedures for the receipt, retention, response to and treatment of complaints, including confidential anonymous submissions by the Corporation’s employees, regarding accounting, internal control or auditing matters.
- Provide an avenue of communication among the external auditors, management, the internal auditing function, and the Board.
- Report to the Board.

The Committee has the authority to conduct any review or investigation appropriate to fulfilling its responsibilities. The Committee shall have unrestricted access to personnel and information, and any resources necessary to carry out its responsibility. In this regard, the Committee may direct management to particular areas of examination.

MAJOR RESPONSIBILITIES AND FUNCTIONS

Review Procedures

Review the Committee’s Charter at least annually and approve a summary of the Committee’s composition and responsibilities in the Corporation’s annual report or other public disclosure documentation. Ensure the processes are in place to annually evaluate the performance of the Committee and report to the Board on the results of such evaluation.

AUDIT COMMITTEE – MANDATE

Annual Financial Statements

1. Review the Corporation's annual audited financial statements and related documents prior to their filing or distribution. Such review to include:
 - a) A review with the external auditors and management of the annual financial statements and related footnotes including significant issues and disclosures regarding accounting policies and practices and any changes thereto.
 - b) A review with the external auditors and management of the use of off-balance sheet financing, if any, including management's risk assessment and adequacy of disclosure.
 - c) A review with the external auditors of the audit plan and the results of the audit including any significant changes required in the audit plan.
 - d) A review of any significant disagreements between the external auditors and management encountered during the course of the audit, including any restrictions on the scope of the external auditors' work or access to required information.
 - e) A review of other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.
2. Review and formally recommend approval to the Board of the Corporation's:
 - a) Year-end audited financial statements and disclosures.
 - b) Annual earnings press releases.
 - c) Management's Discussion and Analysis.
 - d) Annual Information Form.
 - e) All prospectuses and information circulars as to financial information provided therein.

Quarterly Financial Statements

1. Review with management and the external auditors and recommend for approval to the Board the Corporation's:
 - a) Quarterly unaudited financial statements and related documents, including management's discussion and analysis and interim earnings press releases.
 - b) Any significant changes to the Corporation's accounting principles.

Other Financial Filings and Public Documents

1. Review financial information contained in any filings with the securities regulators or news releases related thereto and consider whether the information is consistent with the information contained in the financial statements of the Corporation.

Internal Control Environment

1. Ensure that management and the external auditors provide to the Committee an annual report on the Corporation's financial control environment as it pertains to the Corporation's financial reporting process and controls.
2. Review and discuss significant financial risks or exposures and assess the steps management has taken to monitor, control, report and mitigate such risk to the Corporation.
3. Review the effectiveness of the overall process for identifying the principal risks affecting the achievement of business plans and provide the Committee's view to the Board.
4. Review in consultation with management and the external auditors the degree of coordination in management's audit plans relating to the internal control environment and the external auditors audit plan and enquire as to the extent the planned scope can be relied upon to

AUDIT COMMITTEE – MANDATE

detect weaknesses in internal controls, fraud, or other illegal acts. The Committee will assess the coordination of audit effort to assure completeness of coverage and the effective use of audit resources. Any recommendations made by the auditors for the strengthening of internal controls shall be reviewed and discussed with management.

5. Review the hedging and risk management policies and procedures of the Corporation.
6. Review legal and regulatory matters that may have a material impact on the interim or annual financial statements, related Corporation compliance policies and programs and reports received from regulators.
7. Review policies and procedures with respect to officers' and directors' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the internal auditor or the external auditors.
8. Review all related party transactions between the Corporation and any officers or directors.
9. Review incidents of fraud, illegal acts and conflicts of interest.
10. Oversee the internal audit function including:
 - a) reviewing the annual internal audit plan including risk assessment, the location and activities elected to insure appropriate involvement in the control systems and financial reporting, time and cost budgets, resources (both personnel and technological) and organizational reporting structure;
 - b) reviewing internal audit progress, findings, recommendations and follow up actions;
 - c) private discussions as to internal audit independence, co-operation received from management, interaction with external audit and any unresolved material disagreements with management;
 - d) annual approval of internal audit mandates;
 - e) monitoring of compliance with the Corporation's code of conduct.

External auditors

1. Meet quarterly with the external auditors to review amongst other things the quarterly and annual financial statements of the Corporation and have the external auditors be available to attend Committee meetings or portions thereof at the request of the Chairman of the Committee or by a majority of the members of the Committee.
2. Review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Corporation and its affiliates in order to determine the external auditors' independence, including, without limitation, (i) requesting, receiving and reviewing, no less than annually, a formal written statement from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to the Corporation and its affiliates, (ii) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors, and (iii) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence.

AUDIT COMMITTEE – MANDATE

3. Review:
 - a) The external auditors' performance, and make a recommendation to the Board regarding the reappointment of the external auditors at the annual meeting of the Corporation's shareholders or regarding the discharge of such external auditors.
 - b) The terms of engagement of the external auditors together with their proposed fees.
 - c) External audit plans and results.
 - d) Any other related audit engagement matters.
 - e) The engagement of the external auditors to perform non-audit services, if any, together with the fees therefor, and the impact thereof, on the independence of the external auditors.
4. Consider with management and the external auditors the rationale for employing audit firms other than the principal external auditors, including a review of management consulting services and related fees provided by the external auditors compared to those of other audit firms.

Other matters

1. Review and concur in the appointment, replacement, reassignment, or dismissal of the Chief Financial Officer.
2. Report Committee actions to the Board with such recommendations, as the Committee may deem appropriate.
3. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation.
4. Perform such other functions as required by law, the Corporation's mandate or By-laws, or the Board.
5. Consider any other matters referred to it by the Board.
6. Nothing contained in this charter is intended to transfer to the Committee the Board's responsibility to ensure the Corporation's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the Committee. While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits, to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles, or to design or implement an effective system of internal controls. Such matters are the responsibility of management and the independent external auditors, as the case may be. Members of the Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, and (iii) representations made by management as to the non-audit services provided to the Corporation by the external auditors.

OPERATION OF COMMITTEE

Reporting

The Committee shall report to the Board following each meeting of the Committee.

AUDIT COMMITTEE – MANDATE

Composition of Committee

The Committee shall consist of not less than 3, nor more than 5 directors all of whom shall qualify as independent directors. All members of the Committee shall have the financial literacy to be able to read and understand the Corporation's financial statements and to understand the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. In addition, the Committee's composition, including the qualifications and experience of its members, shall comply with the applicable requirements of the Toronto Stock Exchange ("TSX"), the Ontario Securities Commission (the "OSC") and other securities regulatory authorities to which the Corporation may be subject, as adopted or in force or amended from time to time. The Board will consider the appropriateness of the application of all TSX guidelines and OSC rules and recommendations regarding the composition of the Committee.

Appointment of Committee Members

Members of the Committee shall be appointed by the Board at a meeting, typically held immediately after the annual shareholders' meeting, provided that any member may be removed or replaced at any time by the Board and shall in any event cease to be a member of the Committee upon ceasing to be a member of the Board.

Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

Chairman

The Chairman of the Board, based on the recommendation of the Governance and Nominating Committee, will recommend an independent director as chairman of the Committee to the Board for approval.

If the chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.

The chairman presiding at any meeting shall not have a casting vote.

Secretary

The Committee shall appoint a secretary who need not be a member of the Committee or a director of the Corporation. The secretary shall keep minutes of the meetings of the Committee.

Committee Meetings

The Committee shall meet at least quarterly at the call of the chairman of the Committee. In addition, a meeting may be called by any director or by the external auditors.

Committee meetings may be held in person, by video-conference, by means of telephone or by any combination of any of the foregoing.

Notice of Meeting

Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by e-

AUDIT COMMITTEE – MANDATE

mail to each member of the Committee and to external auditors at least 48 hours prior to the time fixed for such meeting.

A member may in any manner waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

Quorum

A majority of Committee members, present in person, by video-conference, by telephone or by a combination thereof, shall constitute a quorum.

Attendance at Meetings

The President and Chief Executive Officer, the Chief Financial Officer, the Vice President Finance, the head of internal audit and any other senior financial employees as the Committee may invite are expected to be available to attend meetings, but a portion of every meeting will be reserved for in-camera discussion without members of management, being present.

The Committee should meet, on a regular basis and without management present, with the head of internal audit, the external auditors, and management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.

The Committee may by specific invitation have other resource persons in attendance.

The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.

Minutes

Minutes of Committee meetings shall be sent to all Committee members and to the external auditors.

Engaging Outside Resources

The Committee is empowered to engage outside resources, as it deems advisable, at the expense of the Corporation.

Approved by the Board of Directors on December 8, 2015.