



FOR IMMEDIATE RELEASE VIA THE CANADIAN CUSTOM DISCLOSURE NETWORK

NEWS RELEASE

Magellan Aerospace Corporation Closes Private Placement of Preference Shares and Renews Bank Credit Agreement

Toronto, Ontario, May 27, 2005 - Magellan Aerospace Corporation ("Magellan or the "Corporation") announces that it has completed its previously announced private placement of 2,000,000 8% cumulative redeemable first preference shares series A of the Corporation (the "Preference Shares") at a price of \$10.00 per Preference Share (the "Issue Price") for total proceeds of \$20,000,000. Each Preference Share is convertible into 3.33 common shares of Magellan (6,666,666 common shares in aggregate) at a price of \$3.00 per common share. The Preference Shares will be redeemable from July 1, 2008, to June 30, 2010 by the Corporation at Issue Price plus accrued and unpaid dividends, provided that the volume weighted average trading price of the common shares on the Toronto Stock Exchange for at least 20 trading days in any consecutive 30-day period ending on the fifth trading day prior to the date on which the notice of redemption is given exceeds 125% of the conversion price. From July 1, 2010, the Preference Shares will be redeemable at Issue Price plus accrued and unpaid dividends. The Preference Shares will be retractable by the holder at Issue Price plus accrued and unpaid dividends 1) from July 1, 2010 in the event that at any point in time after such date the volume weighted average trading price of the common shares on the Toronto Stock Exchange for at least 20 trading days in any consecutive 30-day period ending on the fifth trading day prior to such date is less than \$2.40 per common share; or 2) upon the occurrence of a change of control of the Corporation involving the acquisition of voting control or direction over 66-2/3 % or more of the common shares.

The placement of the \$20,000,000 of Preference Shares was done in conjunction with and as a requirement of the renewal of Magellan's bank facilities. As a condition of the bank renewal, N. Murray Edwards, the Chairman and a director of the Corporation, acquired \$10,050,000 of the Preference Shares. Mr. Edwards now holds 22,158,819 common shares of Magellan indirectly and 3,017,500 common shares of Magellan directly. Additionally, Mr. Edwards owns \$9.8 million of convertible debentures directly and \$5.2 million of convertible debentures indirectly of Magellan. Each \$4.50 of face value of the convertible debenture is convertible into one common share of Magellan. If all of the convertible debentures and Preference Shares held by Mr. Edwards were converted into common shares then he would own an additional 6,683,333 common shares of Magellan. Mr. Edwards indicated that the acquisition was for investment purposes and that he may acquire additional common shares, convertible debentures or Preference Shares of Magellan from time to time, depending on market conditions. A copy of Mr. Edwards report may be obtained from the person set forth below.

The net proceeds from the issue of the Preference Shares will be used by Magellan to reduce outstanding indebtedness and for general corporate purposes.

Magellan also announces that it has renewed its bank credit agreement with its existing lenders. Under the terms of the renewed agreement, Magellan will have an operating credit facility, expiring on May 26, 2006, and extendable to May 26, 2007, with a maximum credit facility of \$155 million. Amounts drawn under this facility will bear interest at the bankers' acceptance or LIBOR rates plus 1.0%, reduced from its current rate of bankers acceptances or LIBOR rates plus 4.5%. The credit facility is fully guaranteed by N. Murray Edwards, the Chairman and a director of the Corporation. Mr. Edwards will receive a fee of 0.1% per annum of the maximum credit facility (\$155,000 per year) as compensation for this guarantee.

Magellan Aerospace Corporation is one of the world's most integrated and comprehensive aerospace industry suppliers. Magellan designs, engineers, and manufactures aeroengine and aerostructure assemblies and components for aerospace markets, advanced products for military and space markets, and complementary specialty products. Magellan is a public company whose shares trade on the Toronto Stock Exchange (TSX: MAL), with operating units throughout Canada, the United States and the United Kingdom.

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For further information contact:
John B. Dekker
Vice President Finance & Corporate Secretary
(905) 677-1889 ext. 224