



FOR IMMEDIATE RELEASE VIA THE CANADIAN CUSTOM DISCLOSURE NETWORK

NEWS RELEASE

**MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCING
FOR PAYMENT OF CONVERTIBLE DEBENTURES ON MATURITY**

Toronto, Ontario December 20, 2007: Magellan Aerospace Corporation ("Magellan" or the "Corporation") announced today that the independent members of the board of directors had approved proposed financing arrangements to pay the currently outstanding principal amount of approximately \$70 million of 8.5% unsecured subordinated debentures (the "Existing Debentures") in cash on the maturity date of January 31, 2008.

Magellan announced a proposed private placement of \$35 million aggregate principal amount of 8.5% convertible unsecured subordinated debentures due January 31, 2010 to fund, in part, the payments on maturity of the Existing Debentures. Under the proposed terms, for the first six months of the term, Magellan may redeem the debentures at 102.5% of principal value and the holders have no conversion rights. After the first six months of the term, the debentures would be convertible, at the option of the holder, at any time prior to maturity into common shares of Magellan at a conversion price of \$2.00 per share, which is equal to a conversion rate of 500 common shares per \$1,000 principal amount of debentures or the issuance on conversion of approximately 17,500,000 common shares in total. Magellan's principal shareholder, N. Murray Edwards of Calgary, Alberta, has agreed to purchase, directly or indirectly, \$17.5 million principal amount of the debentures. Mr. Edwards indicated the acquisition of the debentures is for investment purposes and Mr. Edwards may, directly or indirectly, acquire additional securities of Magellan depending on market conditions. If the debentures were converted, Mr. Edwards would acquire an additional 8,750,000 common shares representing an additional 8.1% of the issued and outstanding common shares of Magellan after conversion of all of the debentures. Mr. Edwards currently owns, directly or indirectly, approximately 28% of the issued common shares of Magellan, \$15,000,000 of the principal amount of the Existing Debentures (convertible at \$4.50 per share) and 1,005,000 First Preferred Shares (principal amount of \$10,050,000 is convertible at \$3.00 per share). It is presently proposed that the remaining \$17.5 million principal amount of the debentures will be placed with other investors.

In order to fund the remaining payment of \$35 million on the maturity of the Existing Debentures, Edco Capital Corporation, a corporation controlled by Mr. Edwards, has agreed to, directly or indirectly, loan \$50 million to the Corporation. Under the loan terms, the Corporation proposes to issue a secured promissory note due July 1, 2009, bearing interest at a rate of 10% per annum calculated and payable monthly and collateralized and subordinated to the Corporation's existing bank credit facility. The net proceeds of the loan will also be used to repay the \$15 million promissory note due to a company with a common director, who is also the owner of all of the shares of such lender.

The above transactions are subject to regulatory approval, including the Toronto Stock Exchange, as well as confirmations as to the financial terms as required by the independent members of the board of directors and are expected to close on or before January 31, 2008.

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.

Forward Looking Statements:

This press release contains information and statements of a forward-looking nature concerning the plans of the Corporation in relation to financing the repayment of its existing 8.5% Unsecured Subordinated Convertible Debentures. These statements are based on assumptions and uncertainties, including regulatory approvals and marketing of the securities, as well as on management's reasonable evaluation of future events. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict, and/or are beyond the Corporation's control. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements.

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