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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – March 29, 2012 – Magellan Aerospace Corporation ("Magellan" or the "Corporation") released its financial results for the fourth quarter of 2011. All amounts are expressed in Canadian dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended December 31			Twelve month period ended December 31		
Expressed in thousands of Canadian dollars, except per share amounts	**2011**	**2010**	**Change**	**2011**	**2010**	**Change**
Revenues	173,290	187,883	(7.8)%	691,410	731,635	(5.5)%
Gross Profit	30,106	35,090	(14.2)%	97,410	103,282	(5.7)%
Net Income	16,646	15,406	8.0%	37,413	34,344	8.9%
Net Income per Share – Diluted	0.31	0.29	6.9%	0.73	0.66	10.6%

This news release contains certain forward-looking statements that reflect the current views and/or expectations of the Corporation with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions, which may cause actual results to be materially different from those expressed or implied. The Corporation assumes no future obligation to update these forward-looking statements except as required by law.

The Corporation has included certain measures in this news release, including EBITDA and gross profit, the terms for which are not defined under International Financial Reporting Standards. The Corporation defines EBITDA as net income before interest, dividends on preference shares, income taxes, stock-based compensation and depreciation and amortization. The Corporation has included these measures, including EBITDA, because it believes this information is used by certain investors to assess financial performance and EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed and how the results are taxed in various jurisdictions. Although the Corporation believes these measures are used by certain investors (and the Corporation has included them for this reason), these measures may not be comparable to similarly titled measures used by other companies.

OVERVIEW

Magellan is a diversified supplier of components to the aerospace industry and in certain circumstances for power generation projects. Through its wholly owned subsidiaries, Magellan designs, engineers, and manufactures aeroengine and aerostructure components for aerospace markets, advanced products for military and space markets, and complementary specialty products. The Corporation also supports the aftermarket through supply of spare parts as well as performing repair and overhaul services and supplies in certain circumstances parts and equipment for power generation projects.

The Corporation's strategy has been to focus on several core competencies within the aerospace industry. These include precision machining of a wide variety of aerospace material, composites, complex high technology magnesium and aluminum alloy castings, repair and overhaul technologies and design of structures. The Corporation is now seeking to leverage these core competencies by achieving growth in applications where these abilities are critical in meeting customer needs.

BUSINESS UPDATE

The Corporation's results in 2011 continued to reflect our commitment to achieving and sustaining a position and a reputation in the industry as an efficient, profitable world-class supplier of aerospace and power generation products and services.

Sales revenue for 2011 was lower than 2010 primarily due to the delayed receipt of revenue from our Ghana power generation project and the impact of the work stoppage in our Winnipeg division. In the Winnipeg situation, due to the work stoppage, the Corporation was unable to fully recover delayed revenue in 2011 and now expects full recovery by mid-2012. The Corporation's 2011 results continued to demonstrate improvement in key areas of gross margin performance, inventory management and debt retirement.

In 2011 Magellan benefited from the continued growth in the commercial aerospace market which was fuelled predominately by the growing travel demands in the Asian market and the world-wide need to secure and operate cleaner, more cost efficient aircraft. Production rates for both the single and twin aisle platforms for the major OEM's, Boeing and Airbus, continued to increase in 2011 with peak production rates still being forecasted into 2013/2014. The introduction of the A320 NEO and the B737MAX are the main drivers behind the single aisle rate increases. The maturing of Boeing's B787 into production and delivery in 2011, to be followed in late 2012 by Airbus' A350, fits well with Magellan's invested position on these programs.

While the commercial aerospace sector was robust in 2011, the defence sector remained somewhat restrained due to the continuing challenges and uncertainties in the world economy. Pressure to reduce defence spending, specifically in Europe and North America, has had an impact on new programs. While U.S. budget restraint has delayed activities on this program, the F-35 Global Lightning II Program continued to report successful milestone accomplishments as the program moves into production. The Corporation continues to develop its capabilities and capacity in support of the F-35 production with five locations (Winnipeg, Kitchener, New York, Haley and Phoenix) actively involved in supporting the program. Conversely, the world market for military legacy products has gained momentum, which has helped to balance Magellan's defence based businesses.

Magellan's space activities are focused largely in support of Canadian programs where we are primarily engaged in the design and manufacture of three satellites for the Radarsat Constellation Mission. Launch dates are scheduled for 2015, 2016 and 2017.

In 2011 Magellan's power generation business continued to evolve as we continued the installation of a major electrical power generation plant for the Republic of Ghana. While interest in additional and complementary business opportunities in this sector remains high, at this time the Corporation does not have any additional committed projects.

For additional information, please refer to the "Management's Discussion and Analysis" section of the Corporation's 2011 Annual Report that will be available shortly on www.sedar.com.

CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effective January 1, 2011, the Corporation began reporting its financial results in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, these IFRS results and all future results will be reported under IFRS and prior period comparative amounts, including the opening statement of financial position at January 1, 2010, have been conformed to reflect results as if the Corporation had always prepared its financial statements using IFRS. For additional information, refer to Note 30 of the Audited Consolidated Financial Statements for the years ended December 31, 2011 and 2010 for a discussion regarding the Corporation's accounting choices with regards to IFRS and the impact of this transition on the financial statements.

ANALYSIS OF OPERATING RESULTS FOR THE FOURTH QUARTER ENDED DECEMBER 31, 2011

The Corporation reported lower revenue in the fourth quarter of 2011 than the fourth quarter of 2010, primarily as a result of lower revenues in the power generation project segment. Gross profit and net income for the fourth quarter of 2011 were $30.1 million and $16.7 million, respectively, a decrease from the fourth quarter of 2010 gross profit of $35.1 million and an increase from the fourth quarter of 2010 net income of $15.4 million.

Consolidated Revenue

Overall, the Corporation's revenues decreased when compared to the fourth quarter of 2010.

	Three month period ended December 31			**Twelve month period ended December 31**		
Expressed in thousands of dollars	**2011**	2010	Change	**2011**	2010	Change
Aerospace	**$ 162,583**	$ 159,978	1.6%	**$ 609,942**	$ 627,113	(2.7)%
Power Generation Project	**10,707**	27,905	(61.6)%	**81,468**	104,522	(22.1)%
Total revenues	**173,290**	187,883	(7.8)%	**691,410**	731,635	(5.5)%

Consolidated sales for the fourth quarter ended December 31, 2011 decreased 7.8% to $173.3 million from $187.9 million in the fourth quarter of 2010, due mainly to decreased revenues earned in the power generation project segment partially offset by a slight increase in revenues earned in the aerospace segment. As the Corporation moves into 2012, revenue from the power generation project will decrease on a year over year basis unless the Corporation receives further contracts in this area.

Aerospace Segment

Revenues for the Aerospace segment were as follows:

	Three month period ended December 31			**Twelve month period ended December 31**		
Expressed in thousands of dollars	**2011**	2010	Change	**2011**	2010	Change
Canada	**$ 79,845**	$ 82,048	(2.7)%	**$ 284,385**	$ 317,342	(10.4)%
United States	**47,434**	47,204	0.0%	**187,658**	187,555	(0.0)%
United Kingdom	**35,304**	30,726	14.9%	**137,899**	122,216	12.8%
Total revenues	**162,583**	159,978	1.6%	**609,942**	627,113	(2.7)%

Consolidated aerospace revenues for the fourth quarter of 2011 of $162.6 million were 1.6% higher than revenues of $160.0 million in the fourth quarter of 2010. Revenues in Canada in the fourth quarter of 2011 decreased 2.7% from the same period in 2010 as the Corporation experienced lower volumes on certain product lines and the delay in shipments due to customer delays. Revenues in the United States in the fourth quarter of 2011 continued at the same pace as in the fourth quarter of 2010. Revenues in the United Kingdom in the fourth quarter of 2011 increased over revenues in the same period in 2010 as the volume on the Airbus statement of work continued to increase.

Power Generation Segment

Revenues for the Power Generation segment were as follows:

Expressed in thousands of dollars	Three month period ended December 31			Twelve month period ended December 31		
	2011	2010	Change	**2011**	2010	Change
Power Generation Project	**$ 10,707**	$ 27,905	(61.6)%	**$ 81,468**	$ 104,522	(22.1)%
Total revenues	**10,707**	27,905	(61.6)%	**81,468**	104,522	(22.1)%

Decreased revenues in the fourth quarter of 2011 over the same period in 2010 represents the Corporation's activity level on the Ghana electric power generation project in the period in comparison to the activity level made in the previous quarter. As the Corporation moves into 2012, revenue from the Power Generation Project will decrease on a year over year basis unless the Corporation receives further contracts in this area.

Gross Profit

Expressed in thousands of dollars	Three month period ended December 31			Twelve month period ended December 31		
	2011	2010	Change	**2011**	2010	Change
Gross profit	**$ 30,106**	$ 35,090	(14.2)%	**$ 97,410**	$ 103,282	(5.7)%
Percentage of revenues	**17.4%**	18.7%		**14.1%**	14.1%	

Gross profit of $30.1 million (17.4% of revenues) was reported for the fourth quarter of 2011 compared to $35.1 million (18.7% of revenues) during the same period in 2010. Gross profit in the most recent quarter of 2011, as a percentage of revenues, decreased over the same period in 2010, as the Corporation recorded a reversal of impairment on intangible assets in the fourth quarter of 2011 of $1.8 million versus $7.4 million in the fourth quarter of 2010. During the quarter, the Corporation recorded additional investment tax credits (ITC's) of $3.2 million when compared to the same quarter in the prior year.

Administrative and General Expenses

Expressed in thousands of dollars	Three month period ended December 31			Twelve month period ended December 31		
	2011	2010	Change	**2011**	2010	Change
Administrative and general expenses	**$ 10,618**	$ 10,920	(2.8)%	**$ 38,264**	$ 39,770	(3.8)%
Percentage of revenues	**6.1%**	5.8%		**5.5%**	5.4%	

Administrative and general expenses were $10.6 million (6.1% of revenues) in the fourth quarter of 2011 compared to $10.9 million (5.8% of revenues) in the fourth quarter of 2010.

Other

Expressed in thousands of dollars	Three month period ended December 31		Twelve month period ended December 31	
	2011	2010	**2011**	2010
Foreign exchange loss (gain)	**$ 200**	$ (183)	**$ 238**	$ 680
Plant and program closure recoveries	**–**	–	**–**	(820)
Loss on disposal of property, plant and equipment	**81**	115	**198**	267
Total other	**281**	(68)	**436**	127

Other expense of $0.3 million in the fourth quarter of 2011 consisted of realized and unrealized foreign exchange losses and losses on the sale of property, plant and equipment.

Interest Expense

Expressed in thousands of dollars	Three month period ended December 31 2011	2010	Twelve month period ended December 31 2011	2010
Interest on bank indebtedness and long-term debt	**$ 1,910**	$ 3,437	**$ 9,397**	$ 14,799
Convertible debenture interest	**1,008**	1,009	**4,000**	4,006
Accretion charge for convertible debt, borrowings and long-term debt	**2,376**	477	**3,155**	1,093
Discount on sale of accounts receivable	**86**	105	**447**	254
Total interest expense	**5,380**	5,028	**16,999**	20,152

Interest expense of $5.4 million in the fourth quarter of 2011 was higher than the fourth quarter of 2010 amount of $5.0 million. Interest on bank indebtedness and long-term debt decreased as principal amounts outstanding during the fourth quarter of 2011 were lower than those in the fourth quarter of 2010. Reduced interest rates on the long-term debt and lower interest rate spreads on bank indebtedness also contributed to the reduction in interest expense in the current quarter when compared to the fourth quarter of 2010.

Provision for Income Taxes

Expressed in thousands of dollars	Three month period ended December 31 2011	2010	Twelve month period ended December 31 2011	2010
Expense (recovery) of current income taxes	**$ (856)**	$ (906)	**$ 280**	$ (331)
Expense of deferred income taxes	**(1,963)**	4,470	**3,708**	8,340
Total (recovery) expense of income taxes	**(2,819)**	3,564	**3,988**	8,009
Effective tax rate	**(20.4)%**	18.8%	**9.6%**	18.9%

The Corporation recorded an income tax recovery of $2.8 million for the fourth quarter of 2011, compared to an income tax expense of $3.6 million for the fourth quarter of 2010. The change in effective tax rates is a result of a changing mix of income across the different jurisdictions in which the Corporation operates. In addition, during the fourth quarter of 2011, the Corporation reversed a tax accrual that was previously recorded in the year.

SELECTED QUARTERLY FINANCIAL INFORMATION

Expressed in millions of dollars except per share information	2011 Dec 31	Sep 30	Jun 30	Mar 31	2010 Dec 31	Sep 30	Jun 30	Mar 31
Revenues	$173.3	$ 161.6	$ 186.0	$ 170.5	$ 187.9	$ 184.7	$ 181.4	$ 177.6
Net Income	16.7	8.6	4.9	7.2	15.4	8.0	7.1	3.8
Net Income per Share								
Basic	0.90	0.47	0.27	0.40	0.85	0.44	0.39	0.21
Diluted	0.31	0.17	0.10	0.14	0.29	0.16	0.14	0.07

Revenues and net income reported in the quarterly information was impacted by the fluctuations in the Canadian dollar exchange rate in comparison to the US dollar and British Pound. The US dollar/Canadian dollar exchange rate in the fourth quarter of 2011 fluctuated reaching a low of 0.9913 and a high of 1.0561. During the fourth quarter of 2011, the British Pound relative to the Canadian dollar fluctuated reaching a low of 1.5757 and a high of 1.6354. Had exchange rates remained at levels experienced in the fourth quarter of 2010, reported revenues in the fourth quarter of 2011 would have been lower by $1.2 million. Net income for the fourth quarter of 2010 and 2011 of $15.4 and $16.6 respectively was higher than any other quarterly net income disclosed in the table above as in the fourth quarter of each of the years the Corporation recognized a reversal of previous impairment losses against intangible assets relating to various civil aircraft programs and recognized a portion of previously unrecognized deferred tax assets as the Corporation has determined that it will be able to benefit from these assets.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

In addition to the primary measures of earnings and earnings per share (basic and diluted) in accordance with IFRS, the Corporation includes certain measures in this news release, including EBITDA (as net income before interest, dividends on preference shares, income taxes, stock-based compensation and depreciation and amortization). The Corporation has provided these measures because it believes this information is used by certain investors to assess financial performance and EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed and how the results are taxed in the various jurisdictions. Each of the components of this measure are calculated in accordance with IFRS, but EBITDA is not a recognized measure under IFRS, and the Corporation's method of calculation may not be comparable with that of other companies. Accordingly, EBITDA should not be used as an alternative to net earnings as determined in accordance with IFRS or as an alternative to cash provided by or used in operations.

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2011**	2010	**2011**	2010
Net income	**$ 16,646**	$ 15,406	**$ 37,413**	$ 34,344
Interest	**5,380**	5,028	**16,999**	20,152
Dividends on preference shares	**–**	240	**310**	880
Taxes	**(2,819)**	3,564	**3,988**	8,009
Stock-based compensation	**18**	53	**68**	268
Depreciation and amortization	**10,411**	8,225	**32,835**	34,599
EBITDA	**29,636**	32,516	**91,613**	98,252

EBITDA for the fourth quarter of 2011 was $29.6 million compared to $32.6 million in the fourth quarter of 2010. Changes in the income taxes recovered and expensed during the quarter contributed to the decrease in EBITDA for the current quarter.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow from Operating Activities

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2011**	2010	**2011**	2010
(Increase) decrease in accounts receivable	**$ (2,460)**	$ (2,462)	**$ (10,908)**	$ 869
(Increase) decrease in inventories	**(1,752)**	(5,393)	**24,704**	(8,221)
Decrease (Increase) in prepaid expenses and other	**3,812**	(1,705)	**6,559**	26,289
(Decrease) increase in accounts payable	**(1,273)**	25,643	**(32,881)**	(1,396)
Changes to non-cash working capital balances	**(1,673)**	16,083	**(12,526)**	17,541
Cash provided by operating activities	**21,858**	35,018	**51,444**	80,371

In the quarter ended December 31, 2011, the Corporation generated $21.9 million of cash from its operations, compared to cash generated by operations of $35.0 million in the fourth quarter of 2010.

Investing Activities

	Three month period ended December 31		Twelve month period ended December 31	
Expressed in thousands of dollars	**2011**	2010	**2011**	2010
Purchase of property, plant & equipment	**$ (33,423)**	$ (3,468)	**$ (59,260)**	$ (16,571)
Proceeds from disposals of property, plant & equipment	**168**	70	**514**	206
(Decrease) increase in other assets	**17,393**	(8,482)	**10,381**	(20,241)
Cash used in investing activities	**(15,862)**	(11,880)	**(48,365)**	(36,606)

In the fourth quarter of 2011, the Corporation invested $33.4 million in property, plant and equipment of which $20.0 million represented the Corporation's investment in an advanced composite manufacturing centre in its Winnipeg facility to support the Joint Strike Fighter program. The remaining investments in property, plant and equipment was to upgrade and enhance capabilities for current and future programs.

Financing Activities

Expressed in thousands of dollars	Three month period ended December 31 2011	2010	Twelve month period ended December 31 2011	2010
(Decrease) increase in bank indebtedness	**$ (7,092)**	$ (12,195)	**$ 2,704**	$ (21,128)
(Decrease) increase in debt due within one year	**(12,725)**	8,391	**(3,617)**	(4,679)
Decrease in long-term debt	**(2,937)**	(10,647)	**(17,221)**	(21,900)
Increase in long-term debt	**15,802**	6,727	**21,011**	12,813
Increase (decrease) in long-term liabilities	**798**	(108)	**481**	(593)
Increase in provisions	**281**	–	**343**	–
Increase in borrowings	**3,315**	681	**6,353**	3,976
Dividends on preference shares	**–**	–	**–**	(400)
Redemption of preference shares	**–**	(4,000)	**(12,000)**	(8,000)
Cash used in financing activities	**(2,558)**	(11,151)	**(1,946)**	(39,911)

On April 29, 2011 the Corporation amended its credit agreement with its existing lenders and extended the loan [originally $65.0 million, $33.5 million as at December 31, 2011] due on July 1, 2011 (the “Original Loan”) due to Edco Capital Corporation (“Edco”) in order to provide loan facilities for a two year period. Under the terms of the amended operating credit agreement, the Corporation and the lenders have agreed that the maximum available under the operating credit facility was amended to a Canadian dollar limit of $125.0 million plus a US dollar limit of $50.0 million [previously a Canadian dollar limit of $105.0 million plus a US dollar limit of $70.0 million] and the maturity date has been extended to April 29, 2013 and will continue to be fully guaranteed until April 29, 2013 by the Chairman of the Board of the Corporation, in consideration of the continued payment by the Corporation of an annual fee payable monthly equal to 0.63% [previously 1.15%] of the gross amount of the operating credit facility. The operating credit facility is extendible for unlimited future one year renewal periods, subject to mutual consent of the syndicate of lenders and the Corporation.

The terms of the amended operating credit facility permit the Corporation to (i) repay, in whole or in part, the Original Loan outstanding from Edco and (ii) retract all [approximately $12.0 million as at April 30, 2011] of the Corporation’s 8.0% Cumulative Redeemable First Preference Shares Series A (the “Preference Shares) on or after April 30, 2011, together with payment of all accrued and unpaid dividends on the shares to be retracted provided there is no current default or event of default under the operating credit facility and after the repayment of the loan and the payment of the retraction amount the Corporation has at least $25.0 million in availability under the operating credit facility. As a result, the Corporation retracted all the remaining Preference Shares in the amount of $12.0 million during the second quarter of 2011.

In addition, the extension and restatement of the Original Loan (outstanding as at December 31, 2011 in the principal amount of $33.5 million) from Edco, which is wholly owned by the Chairman of the Board of the Corporation, was completed in the second quarter of 2011. The Corporation has the right to repay the secured subordinated loan at any time without penalty. The interest rate was decreased from 11% per annum to 7.5% per annum commencing July 1, 2011 and the loan extended to July 1, 2013 in consideration of the payment on July 1, 2011 of a fee to Edco equal to 1% of the principal amount outstanding on such date. During the three and twelve month periods ended December 31, 2011, the Corporation repaid $1.0 million and $12.5 million, respectively, of the Original Loan.

On April 30, 2009 the Chairman of the Board of the Corporation subscribed to $40.0 million of the 10% convertible secured subordinated debentures (“Convertible Debentures”). On December 31, 2011, the Chairman of the Board exercised his conversion rights under the debenture agreement and $38,000 principal amount of the Convertible Debentures, the entire amount of the Convertible Debentures then held by the Chairman, were converted into 38,000,000 common shares of the Corporation.

The Corporation’s Convertible Debentures, which are due on April 30, 2012, were classified as a short term liability as opposed to a long term liability as at December 31, 2010. The Convertible Debentures are convertible, at the option of the holder at any time prior to April 30, 2012, in whole or in multiples of $1.0 thousand, into fully paid and non-assessable common shares of the Corporation at the conversion price of $1.00 per common share which is equal to the issuance on conversion of approximately 2,000,000 common shares in total. Given the conversion price of the Convertible Debentures are in the money, it is likely that the remaining $2.0 million of Convertible Debentures will be converted into common shares of the Corporation on or before their maturity.

DERIVATIVE CONTRACTS

The Corporation has entered into foreign exchange contracts to mitigate somewhat future cash flow exposures in US dollars and Euros. Under these contracts the Corporation is obliged to purchase specific amounts at predetermined dates and exchange rates. These contracts are matched with anticipated operational cash flows in US dollars and Euros. As at December 31, 2011 the Corporation has foreign exchange contracts outstanding as follows:

Foreign Exchange Collars	Amount	Floor	Ceiling
Maturity – less than 1 year – US dollar	17,000	1.0000	1.1111

Foreign Exchange Forward Contracts	Amount	FX Rate
Maturity – less than 1 year – US dollar	18,700	1.0400
Maturity – less than 1 year – Euros	1,292	1.3400

The fair values of the Corporation's foreign exchange contracts are based on the current market values of similar contracts with the same remaining duration as if the contract had been entered into on December 31, 2011.

SHARE DATA

As at March 23, 2012, the Corporation had 56,209,001 common shares outstanding and $2.0 million Convertible Debentures convertible into 2,000,000 common shares. The dilutive weighted average number of common shares outstanding, resulting from the potential common shares issuable on the conversion of the remaining Convertible Debentures outstanding, for the three month period ending December 31, 2011 was 58,209,001.

RISKS AND UNCERTAINTIES

The Corporation manages a number of risks in each of its businesses in order to achieve an acceptable level of risk without hindering the ability to maximize returns. Management has procedures to help identify and manage significant operational and financial risks.

For more information in relation to the risks inherent in Magellan's business, reference is made to the information under "Risk Factors" in the Corporation's Management's Discussion and Analysis for the year ended December 31, 2011 and to the information under "Risks Inherent in Magellan's Business" in the Corporation's Annual Information Form for the year ended December 31, 2011, which has been filed with SEDAR (www.sedar.com).

OUTLOOK

In 2011 Magellan benefited from the sustained growth in demand for commercial aircraft and its continued efforts to implement and expand the Magellan Operating System™ ("MOS") in all divisions. The Corporation expects that the MOS initiatives will continue to have a growing and positive effect on Magellan's future performance.

It is expected that the civil airline production rates will continue to increase in 2012 with peak rates now being projected into 2013 and 2014. This growth is fueled by the pent-up and growing demand in the Asian countries and the worldwide airline demand for cleaner, more fuel efficient aircraft. The Corporation has invested in and is well positioned in this sector with participation levels on many of the major Boeing and Airbus platforms including the A350, B747-8 and the B787 and new variants of the A320 and B737.

In the defence sector, as expected, worldwide economic factors are negatively impacting defence budgets. Fiscal restraints are in many cases affecting the launch and ramp-up of new programs. The Corporation, having invested in the F-35 Lightning II Program, remains hopeful that our position as an active global supplier on this international program remains solid. Presently five (5) Magellan divisions (Winnipeg, New York, Kitchener, Haley and Phoenix) are manufacturing products in support of the F-35 Program. In 2011 the F-35, as it ramped up into production, completed or surpassed all scheduled project performance milestones. Partially as a result of the slower-than-anticipated emergence of the new programs, legacy work in support of 3rd and 4th generation defence aircraft is now projected to stay strong. The Corporation enjoys a direct and balancing benefit from these programs, both in the aeroengine and aerostructure parts of our business.

In 2012, Magellan expects to complete the facilitization of the Haverhill site, home of our aeroengine shaft facility. Significant effort is underway to support the investment made in this facility in support of Rolls-Royce. Additional business opportunities for the shaft center in Haverhill are in the discussion stages.

The Corporation remains sensitive to, and closely monitors uncertainties in the world that could destabilize and impact our market sectors. Economic challenges and political unrest continue to be the major areas of concern. Magellan has assessed a shrinking worldwide capacity in some areas of the aerospace supply chain which is currently and will in the future drive capital investment demand in the industry. Magellan is constantly evaluating the capacity and more importantly the utilization of capital within each of our divisions in order to ensure that any investment made is prudent and matched strategically to both our customer's needs and the Corporation's core competencies.

ADDITIONAL INFORMATION

Additional information relating to Magellan Aerospace Corporation, including the Corporation's annual information form, can be found on the SEDAR web site at www.sedar.com.

FORWARD LOOKING STATEMENTS

This news release contains certain forward-looking statements that reflect the current views and/or expectations of the Corporation with respect to its performance, business and future events. Such statements are subject to a number of uncertainties and assumptions, which may cause actual results to be materially different from those expressed or implied. These forward looking statements can be identified by the words such as "anticipate", "continue", "estimate", "forecast", "may", "project", "could", "plan", "intend", "should", "believe" and similar words suggesting future events or future performance. In particular there are forward looking statements contained under the headings: "Overview" which outlines certain expectations for future operations and "Outlook" which outlines certain expectations for the future. These statements assume the continuation of the current regulatory and legal environment; the continuation of trends for passenger airliner and defence production and are subject to the risks contained herein and outlined in our annual information form. The Corporation assumes no future obligation to update these forward-looking statements except as required by law.

-30-

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MAGELLAN AEROSPACE CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited) (expressed in thousands of Canadian dollars, except per share amounts)	Three month period ended December 31		Twelve month period ended December 31	
	2011	2010	**2011**	2010
Revenues	**173,290**	187,883	**691,410**	731,635
Cost of revenues	**143,184**	152,793	**594,000**	628,353
Gross profit	**30,106**	35,090	**97,410**	103,282
Administrative and general expenses	**10,618**	10,920	**38,264**	39,770
Other	**281**	(68)	**436**	127
Dividends on preference shares	**—**	240	**310**	880
	10,899	11,092	**39,010**	40,777
Interest	**5,380**	5,028	**16,999**	20,152
Income before income taxes	**13,827**	18,970	**41,401**	42,353
Income taxes				
Current	**(856)**	(906)	**280**	(331)
Deferred	**(1,963)**	4,470	**3,708**	8,340
	(2,819)	3,564	**3,988**	8,009
Net income	**16,646**	15,406	**37,413**	34,344
Other comprehensive (loss) income				
Foreign currency translation	**(5,601)**	(6,138)	**4,149**	(10,392)
Actuarial loss on defined benefit pension plans	**(17,530)**	(3,421)	**(14,109)**	(3,421)
Comprehensive (loss) income	**(6,485)**	5,847	**27,453**	20,531
Net income per share				
Basic	**0.90**	0.85	**2.04**	1.86
Diluted	**0.31**	0.29	**0.73**	0.66

MAGELLAN AEROSPACE CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	**December 31 2011**	December 31 2010	January 1 2010
Current assets			
Cash	**26,520**	24,952	22,641
Trade and other receivables	**106,480**	94,222	97,553
Inventories	**127,473**	150,798	147,248
Prepaid expenses and other	**5,326**	11,838	38,458
	265,799	281,810	305,900
Non-current assets			
Property, plant and equipment	**289,744**	239,119	254,256
Investment properties	**3,041**	3,192	3,369
Intangible assets	**66,134**	71,949	71,840
Other assets	**8,660**	22,593	6,732
Deferred tax assets	**28,360**	19,836	19,861
	395,939	356,689	356,058
Total assets	**661,738**	638,499	661,958
Current liabilities			
Bank indebtedness	—	117,046	140,590
Accounts payable, accrued liabilities and provisions	**106,022**	135,887	135,637
Preference shares	—	8,000	—
Debt due within one year	**12,513**	58,541	17,213
	118,535	319,474	293,440
Non-current liabilities			
Bank indebtedness	**120,674**	—	—
Long-term debt	**81,768**	17,843	74,408
Convertible debentures	—	38,901	38,182
Deferred tax liabilities	**10,088**	7,961	4,781
Preference shares	—	4,000	—
Borrowings subject to specific conditions	**18,847**	13,372	9,096
Other long-term liabilities and provisions	**29,131**	16,353	21,904
	260,508	98,430	148,371
Equity			
Share capital	**252,440**	214,440	234,389
Contributed surplus	**2,041**	1,973	1,707
Other paid in capital	**13,565**	13,565	13,565
Retained earnings	**20,892**	1,009	(29,514)
Accumulated other comprehensive loss	**(6,243)**	(10,392)	—
	282,695	220,595	220,147
Total liabilities and equity	**661,738**	638,499	661,958

MAGELLAN AEROSPACE CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended December 31		Twelve month period ended December 31	
	2011	2010	**2011**	2010
Cash flow from operating activities				
Net income	**16,646**	15,406	**37,413**	34,344
Amortization/depreciation of intangible assets and property, plant and equipment	**10,411**	8,225	**32,835**	34,599
Net loss on disposal of assets	**39**	115	**198**	267
Impairment reversal	**(1,847)**	(7,395)	**(1,847)**	(7,395)
Decrease in defined benefit plans	**(564)**	(793)	**(3,979)**	(4,594)
Deferred revenue	**—**	61	**—**	271
Stock-based compensation	**18**	53	**68**	268
Accretion	**2,566**	477	**3,155**	1,093
Deferred taxes	**(3,738)**	2,786	**(3,873)**	3,977
(Increase) decrease in working capital	**(1,673)**	16,083	**(12,526)**	17,541
Net cash from operating activities	**21,858**	35,018	**51,444**	80,371
Cash flow from investing activities				
Purchase of property, plant and equipment	**(33,423)**	(3,468)	**(59,260)**	(16,571)
Proceeds from disposal of property, plant and equipment	**168**	70	**514**	206
Increase (decrease) in other assets	**17,393**	(8,482)	**10,381**	(20,241)
Net cash used in investing activities	**(15,862)**	(11,880)	**(48,365)**	(36,606)
Cash flow from financing activities				
(Decrease) Increase in bank indebtedness	**(7,092)**	(12,195)	**2,704**	(21,128)
(Decrease) increase in debt due within one year	**(12,725)**	8,391	**(3,617)**	(4,679)
Decrease in long-term debt	**(2,937)**	(10,647)	**(17,221)**	(21,900)
Increase in long-term debt	**15,802**	6,727	**21,011**	12,813
Increase in provisions	**281**	—	**343**	—
Increase (decrease) in long-term liabilities	**798**	(108)	**481**	(593)
Increase in borrowings	**3,315**	681	**6,353**	3,976
Dividends on preference shares	**—**	—	**—**	(400)
Redemption of preference shares	**—**	(4,000)	**(12,000)**	(8,000)
Net cash used in financing activities	**(2,558)**	(11,151)	**(1,946)**	(39,911)
Increase in cash during the period	**3,438**	11,987	**1,133**	3,854
Cash at beginning of the period	**23,898**	13,829	**24,952**	22,641
Effect of exchange rate differences	**(816)**	(864)	**435**	(1,543)
Cash at end of the period	**26,520**	24,952	**26,520**	24,952