MAGELLAN AEROSPACE CORPORATION

Notice of Annual and Special Meeting of Shareholders

to be held on May 13, 2008

And

Proxy Circular

MAGELLAN AEROSPACE CORPORATION

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting of shareholders of MAGELLAN AEROSPACE CORPORATION (the "Corporation") will be held at The Living Arts Centre, 4141 Living Arts Drive, Mississauga, Ontario, L5B 4B8 on Tuesday, the 13th of May, 2008, at 2:00 o'clock in the afternoon (Toronto time) for the following purposes:

1. to receive the consolidated financial statements of the Corporation for its financial year ended December 31, 2007, together with the report of the auditors thereon;

2. to set the number of directors to be elected at nine and to elect directors for the ensuing year;

3. to appoint auditors, with remuneration to be fixed by the directors;

4. to consider, and if thought fit, pass a special resolution of the Corporation approving the consolidation of the outstanding Common Shares on the basis of one new Common Share for each five Common Shares presently issued and outstanding;

5. to consider, and if thought fit, pass a resolution to approve amendments to the Directors Stock Plan; and

6. to transact such further or other business as may properly come before the meeting or any adjournment thereof.

DATED at Mississauga, Ontario, this 20th day of March, 2008.

By Order of the Board

John B. Dekker
Corporate Secretary

Notes:

(1) Shareholders are requested to sign and return, in the envelope provided for that purpose, the accompanying form of proxy for use at the meeting, or to vote their shares by telephone or Internet by following the instructions on the form of proxy whether or not they are able to attend personally.

(2) Only holders of Common Shares of the Corporation of record at the close of business on March 28th, 2008 will be entitled to vote those Common Shares registered in their respective names at the meeting except to the extent that any such holder has transferred any Common Shares of the Corporation registered in such holder's name after that date and the transferee of such Common Shares establishes proper ownership and requests not later than ten days before the date of the meeting that such transferee's name be included in the list of shareholders eligible to vote at the meeting.

PROXY CIRCULAR

This Proxy Circular is dated March 20, 2008 and unless otherwise stated all information is current to this date and all dollar figures are in Canadian dollars.

VOTING INFORMATION

Q&A on Proxy Voting

Q: What am I voting on?

A: Shareholders are voting on setting the number of directors to be elected at nine and the election of directors to the Board of Magellan Aerospace Corporation (the "Corporation") for 2008, the appointment of auditors for the Corporation, authorizing the directors to fix the remuneration of the auditors, amending the articles of the Corporation to consolidate the outstanding Common Shares on the basis of one new Common Share for each five Common Shares presently issued and outstanding, and an amendment to the Corporation's Directors Stock Plan.

Q: Who is entitled to vote?

A: Shareholders as at the close of business on March 28, 2008 are entitled to vote. Each Common Share in the capital of the Corporation ("Common Share") is entitled to one vote on those items of business identified in the Notice of Annual and Special Meeting of Shareholders of the Corporation.

If you acquired your shares after March 28, 2008, please refer to the answer to the question "*What if ownership of shares has been transferred after March 28, 2008?*".

Q: How do I vote?

A: There are four ways you can vote your shares if you are a registered shareholder. You may vote in person at the meeting or in advance of the meeting by telephone or on the Internet or you may sign the enclosed form of proxy appointing the named persons or some other person you choose, who need not be a shareholder, to represent you as proxyholder and vote your shares at the meeting. If your shares are held in the name of a nominee, please follow the voting instructions provided by your nominee

Q: What if I plan to attend the meeting and vote in person?

A: If you are a registered shareholder and plan to attend the meeting on May 13, 2008 and wish to vote your shares in person at the meeting, do not complete or return the form of proxy. Your vote will be taken and counted at the meeting. Please register with the transfer agent, Computershare Investor Services Inc., upon arriving at the meeting.

If your shares are held in the name of a nominee, please see the answer to the question "*If my shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my shares?*"

Q: Who is soliciting my proxy?

A: **The enclosed form of proxy is being solicited by the management of the Corporation** and the associated costs will be borne by the Corporation. The solicitation will be made primarily by mail but may also be made by telephone, in writing or in person by employees of the Corporation.

Q: What if I sign the form of proxy enclosed with this circular?

A: Signing the enclosed form of proxy gives authority to Richard A. Neill, the Vice-Chairman of the Corporation, or failing him, John B. Dekker, the Corporate Secretary of the Corporation, or to another person you have appointed, to vote your shares at the meeting.

Q: Can I appoint someone other than these officers to vote my shares?

A: **Yes. Write the name of this person, who need not be a shareholder, in the blank space provided in the form of proxy**.

It is important to ensure that any other person you appoint is attending the meeting and is aware that he or she has been appointed to vote your shares. Proxyholders should, upon arrival at the meeting, present themselves to a representative of Computershare Investor Services Inc.

Q: What do I do with my completed proxy?

A: If you are a registered shareholder, return the proxy to the Corporation's transfer agent, Computershare Investor Services Inc., in the envelope provided so that it arrives no later than 2:00 p.m. (Eastern Time) on Friday, May 9, 2008. This will ensure that your vote is recorded.

Q: If I change my mind, can I take back my proxy once I have given it?

A: Yes. If you change your mind and wish to revoke your proxy, prepare a written statement to this effect. The statement must be signed by you or your attorney as authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. This statement must be delivered to the Corporate Secretary of the Corporation at the following address no later than 5:00 p.m. (Eastern Time) on Monday, May 12, 2008 or to the Chairman on the day of the meeting, Tuesday, May 13, 2008, or any adjournment of the meeting.

Magellan Aerospace Corporation
Attention: John B. Dekker, Corporate Secretary
3160 Derry Road East
Mississauga, Ontario L4T 1A9
Fax: (905) 677-5658

Q: How will my shares be voted if I give my proxy?

A: The persons named on the form of proxy must vote for or against or withhold from voting your shares in accordance with your directions on any ballot that may be called for, or you can let your proxyholder decide for you. **In the absence of such directions, proxies received by management will be voted in favour of setting the number of directors to be elected at nine and the election of directors to the Board, the appointment of auditors and authorization of the Board to fix their remuneration, to approve the consolidation of the outstanding Common Shares on the basis of one new Common Share for each five Common Shares presently issued and outstanding, and to amend the Corporation's Directors Stock Plan.**

Q: What if amendments are made to these matters or if other matters are brought before the meeting?

A: The persons named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Shareholders of the Corporation and with respect to other matters which may properly come before the meeting.

As of the time of printing of this Proxy Circular, management of the Corporation knows of no such amendment, variation or other matter expected to come before the meeting. If any other matters properly come before the meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

Q: How many shares are entitled to vote?

A: As of March 20, 2008, there were outstanding 90,892,828 Common Shares of the Corporation. Each registered shareholder has one vote for each Common Share held at the close of business on March 28, 2008.

To the knowledge of the directors and officers of the Corporation, as of March 20, 2008 no one person or entity beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the outstanding Common Shares of the Corporation except as set out under the heading "*Voting Shares And Principal Holders Thereof*".

Q: What if ownership of shares has been transferred after March 28, 2008?

A: The person who acquired such shares after March 28, 2008 must produce properly endorsed share certificates or otherwise establish that he or she owns the shares and must ask the Corporation no later than ten days prior to the date of the Meeting that his or her name be included in the list of shareholders before the meeting in order to be entitled to vote these shares at the meeting.

Q: How will the votes be counted?

A: Except as provided in the Ontario *Business Corporations Act*, each question brought before the meeting is determined by the votes cast on the question.

Q: Who counts the votes?

A: The Corporation's transfer agent, Computershare Investor Services Inc., counts and tabulates the proxies. This is done independently of the Corporation to preserve the confidentiality of individual shareholder votes. Proxies are referred to the Corporation only in cases where a shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

Q: If I need to contact the transfer agent, how do I reach them?

A: For general shareholder enquiries, you can contact the transfer agent by mail at:

Computershare Investor Services Inc.
100 University Avenue
9th Floor,
Toronto, Ontario M5J 2Y1
or by telephone: at 1-800-564-6253 or 514-982-7555

Q: If my shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my shares?

A: There are two ways you can vote your shares held by your nominee. As required by Canadian securities legislation, you will have received from your nominee either a request for voting instructions or a form of proxy for the number of shares you hold. For your shares to be voted for you, please follow the voting instructions provided by your nominee. If you wish to vote in person at the meeting, insert your own name in the space provided on the request for voting instructions or form of proxy and return same by following the instructions provided. Do not otherwise complete the form as your vote will be taken at the meeting. Please register with the transfer agent, Computershare Investor Services Inc., upon arrival at the meeting.

BUSINESS OF THE MEETING

Financial Statements

The consolidated financial statements for the year ended December 31, 2007 are included in the 2007 Annual Report mailed to shareholders with the Notice of Annual and Special Meeting of Shareholders and this Proxy Circular.

Election of Directors

The present term of office of each director of the Corporation will expire immediately prior to the election of directors at the Annual and Special Meeting of Shareholders (the "Meeting"). Each of the persons whose name appears below is proposed to be elected as a director of the Corporation to serve until the next annual meeting of the Shareholders or until his successor is elected or appointed. The Board of Directors (or the "Board") of the Corporation proposes that the Board will be comprised of nine members to be elected at the Meeting. Management does not contemplate that any of the persons proposed to be nominated will be unable to serve as a director. If, for any reason, at the time of the Meeting any of the nominees are unable to serve, it is intended that the persons designated in the form of proxy will vote in their discretion for a substitute nominee or nominees.

Each of the directors, except for Larry G. Moeller who was not a director for the period from August 14, 1999 to March 3, 2000, has served continuously as a director since the date he was first elected or appointed, which date is indicated below such director's name. The information below concerning each of the Corporation's directors (except for information relating to the committee on which such director is a member) has been provided by the individual director.

Name and Year First Became Director	Principal Occupation during the preceding five year period	Position with the Corporation	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed
N. Murray Edwards [5] Calgary, Alberta, Canada (1995)	President, Edco Financial Holdings Ltd. (private consulting and management company).	Chairman and Director	25,284,893
Richard A. Neill [8] Oakville, Ontario, Canada (1996)	Vice-Chairman of Magellan.	Vice-Chairman and Director	197,813

Name and Year First Became Director	Principal Occupation during the preceding five year period	Position with the Corporation	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed
James S. Butyniec[9] Toronto, Ontario, Canada (new nominee)	President and Chief Executive Officer of Magellan.	President and Chief Executive Officer	25,189
Hon. William G. Davis [3,6] Brampton, Ontario, Canada (1989)	Counsel, Torys LLP (law firm).	Director	20,985
William A. Dimma [1,2,7] Toronto, Ontario, Canada (1989)	Corporate and Not-For-Profit Director.	Director	30,495
Bruce W. Gowan [1,3] Huntsville, Ontario, Canada (1990)	Corporate Director.	Director	53,317
Donald C. Lowe [1,4] Toronto, Ontario, Canada (1992)	Corporate Director.	Director	113,613
Larry G. Moeller [4,5] Calgary, Alberta, Canada (1995)	President, Kimball Capital Corporation (private investing and consulting company).	Director	1,233,840
James S. Palmer [2,3] Calgary, Alberta, Canada (1995)	Chairman, Burnet, Duckworth & Palmer LLP (law firm).	Director	151,926

Notes:

(1) Member of the Audit Committee.

(2) Member of the Governance and Nominating Committee

(3) Member of the Human Resources and Compensation Committee

(4) Member of the Environmental and Safety Committee

(5) N. Murray Edwards and Larry G. Moeller were each directors of Imperial Metals Corporation, a corporation engaged in mining, oil and gas exploration in the year prior to that corporation implementing a plan of arrangement under the *Company Act* (British Columbia) and under the *Companies' Creditors Arrangement Act* (Canada) in 2003 which resulted in the separation of its two businesses. The reorganization resulted in the creation of two public corporations, Imperial Metals Corporation and IEI Energy Inc. (now Rider Resources Ltd. which has lately completed a plan of arrangement with NuVista Energy Ltd.) both of which trade on the Toronto Stock Exchange. Mr. Moeller is currently a director of Imperial Metals Corporation.

(6) William G. Davis was a director of Dylex Limited during the period 1995 to May 16, 2001 when he resigned as a result of a change of control transaction. Subsequently Dylex Limited was adjudged bankrupt in September 2001 with an effective date of mid-June 2001. The Trustee in Bankruptcy of Dylex Limited commenced proceedings against the former directors, officers, and legal counsel of Dylex Limited in connection with the change of control transaction. The claim was defended and the matter was settled in January 2006 without admission of liability.

(7) Mr. Dimma was a director of American Eco Corporation from 1997 until the year 2000. In the year 2000, American Eco went into Chapter 11 of the United States Bankruptcy Code ("Chapter 11") and obtained recognition of the Chapter 11 filing under the Companies' Creditors Arrangement Act in Canada. Subsequently American Eco moved to Chapter 7 of the United States Bankruptcy Code and into insolvency. A lawsuit by bondholders against all officers and directors was settled in the amount of the liability insurance outstanding for directors and officers. The lawsuit was launched in 2004 and settled in 2006.

(8) Richard A. Neill served as President and Chief Executive Officer of Magellan from November 7, 2002 to December 31, 2006. Effective January 1, 2007, Mr. Neill was appointed Vice-Chairman of the Board of Directors.

(9) Effective January 28, 2008, Mr. Butyniec was appointed President and Chief Executive Officer of the Corporation. Prior thereto Mr. Butyniec was President and Chief Operating Officer from January 1, 2007. Prior thereto Mr. Butyniec was Executive Vice-President and Chief Operating Officer, North America from March 10, 2005 and Executive Vice-President and Chief Operating Officer, Canadian Operations from May 14, 2003. For the prior 5 years he was Vice-President and General Manager of Magellan's subsidiary, Bristol Aerospace Limited.

To the knowledge of the Corporation, no director of the Corporation is, or has been in the last ten years, a director or executive officer of an issuer that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days, (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days, or (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except as disclosed in the notes to the above table.

Board of Directors Attendance

The attendance records for directors at meetings of the Board of Directors or its committees for the year ended December 31, 2007 are set out below:

	Number of Meetings Attended / Held				
Director	**Board [(1)]**	**Audit**	**Governance & Nominating**	**Human Resources & Compensation**	**Environmental & Safety**
N. Murray Edwards	8 of 8	-	-	-	-
Richard A. Neill	8 of 8	-	-	-	-
William G. Davis	8 of 8	-	-	1 of 1	-
William A. Dimma	8 of 8	18 of 18	1 of 1	-	-
Bruce W. Gowan	8 of 8	17 of 18	-	1 of 1	-
Donald C. Lowe	7 of 8	16 of 18	-	-	1 of 1
Larry G. Moeller	8 of 8	-	-	-	1 of 1
James S. Palmer	7 of 8	-	1 of 1	1 of 1	-
M. Douglas Young	8 of 8	-	1 of 1	-	1 of 1

Note:
(1) Includes sixteen meetings held by telephone conference.

Compensation of Directors

As of January 1, 2007, each director who is not a salaried employee of the Corporation or any of its subsidiaries is entitled to be paid an annual fee of $15,750 per annum for such individual's services as a director. The directors are also entitled to a fee of $900 for each meeting attended in person of the Board of Directors or of any standing committee and $450 for each such meeting attended by telephone. In respect of the financial year ended December 31, 2007, on an annual basis, aggregate cash compensation paid to all directors was $165,150. The remuneration described above is paid quarterly in arrears. Directors are also entitled to reimbursement of their expenses incurred in attending meetings. In addition, directors that have served in such capacity for more than five years are entitled, upon their resignation, to receive a lump sum payment equal to the annual amount then payable to each director for service as a director.

The Board of Directors approved a directors stock plan on December 15, 1995 to be effective on January 1, 1996 (the "Directors Stock Plan") which is intended to encourage stock ownership by, and to provide effective incentives for, the directors of the Corporation to promote the success and business of the Corporation and to reward such directors in relation to the long-term performance and growth of the Corporation. Currently, the total number of Common Shares available to be issued pursuant to the

Directors Stock Plan is 28,478 (being less than 1% of the Corporation's outstanding Common Shares) and the only recipients of shares under the Directors Stock Plan are directors who would otherwise be entitled to director's fees of the Corporation. The issuance of Common Shares represents payment of 50% of the annual fees of directors to be paid each year by the Corporation. The Board of Directors of the Corporation may amend or cancel the Directors Stock Plan, subject to regulatory approvals in the case of any amendments. The number of Common Shares to be issued each year is based on the weighted average trading prices of the Common Shares of the Corporation on the first two trading days of the calendar year in which the entitlement is earned.

The Corporation issued 23,248 Common Shares (being less than 1% of the Corporation's outstanding Common Shares) under the Directors Stock Plan at a price of $2.71 per Common Share in respect of $63,000 of fees otherwise payable to participating directors in respect of the financial year ended December 31, 2007.

For further information, see "Amendments to Directors Stock Plan".

Appointment of Auditors

The Board of Directors proposes that the firm of Ernst & Young LLP, Chartered Accountants, of Toronto, Ontario be appointed as the auditors of the Corporation to hold office until the close of the next annual meeting of shareholders and that the Board of Directors be authorized to fix the remuneration of the auditors. Ernst & Young LLP have been the auditors of the Corporation for more than five years.

Reference is made to the information under the heading "Audit Committee" in, and the text of the Charter of the Audit Committee attached as Appendix A to the Corporation's Annual Information Form ("AIF") that contains the information required by section 5.1 and Form 52-110F1 of Multilateral Instrument 52-110 – *Audit Committee*, which is hereby incorporated herein by reference. The Corporation's AIF is available on SEDAR at www.sedar.com and a copy is available free of charge, upon request, to any security holder of the Corporation.

Consolidation of the Common Shares

The Board of Directors of Magellan has determined to propose a consolidation (the "Consolidation") of Magellan's issued and outstanding Common Shares on the basis of one new Common Share for each five Common Shares presently issued and outstanding. The Board of Directors believes that the anticipated higher share price resulting from the Consolidation may assist in generating investor interest.

There can be no assurance that any increase in the market price per Common Share will result from the Consolidation. In addition, there is no assurance that a higher share price will generate increased investor interest.

Accordingly, shareholders of the Corporation will be asked to consider and, if thought advisable, to approve a special resolution substantially in the following form:

"BE IT RESOLVED THAT:

1. pursuant to Section 168(1)(h) of the Ontario *Business Corporations Act*, the issued and outstanding Common Shares of the Corporation be changed into a different number of shares, by the consolidation (the "Consolidation") of the issued and outstanding Common Shares on the basis of one (1) new Common Share for each five (5) Common Shares presently issued and outstanding;

2. no fractional shares shall be issued upon the Consolidation and in the case that the Consolidation results in a shareholder otherwise becoming entitled to a fractional

Common Share, an adjustment shall be made to the nearest full share (provided that all beneficial shareholdings of each shareholder shall be aggregated in making such adjustment);

3. any one director or officer of the Corporation be and is hereby authorized to file an amendment to the Corporation's articles to effect the Consolidation and to do all such further acts and things and to execute all such other documents necessary or desirable to carry out the terms of the foregoing resolutions; and

4. the directors of the Corporation may revoke this resolution at any time prior to the issuance of a certificate of amendment of articles without any further approval of the shareholders of the Corporation.

The Consolidation is conditional upon the approval of the Toronto Stock Exchange ("TSX"). In addition, notwithstanding the approval of the Consolidation by shareholders, the Board of Directors, in its sole discretion, may revoke the special resolution at any time prior to the issuance of a certificate of amendment of articles and abandon the Consolidation without further approval of or notice to its shareholders.

The special resolution approving the Consolidation requires the approval of not less than two-thirds of the votes cast by shareholders present in person or by proxy at the Meeting.

At present, the Corporation has 90,892,828 Common Shares issued and outstanding. The proposed one-for-five consolidation would reduce the number of Common Shares outstanding to approximately 18,178,000 Common Shares. The effective date of the Consolidation of the Common Shares will be the date of filing of Articles of Amendment effecting the same with the Director under the Ontario *Business Corporations Act*. If the special resolution is approved, the Corporation anticipates filing the Articles of Amendment within a reasonable time following the Meeting. However, the Common Shares will not trade on the TSX on a post-consolidated basis until all required filings of the TSX have been completed and a bulletin from the TSX has been issued in this regard.

No fractional Common Shares will be issued pursuant to the Consolidation. In lieu of any such fractional securities, each registered shareholder of Magellan otherwise entitled to a fractional interest in a post-consolidation Common Share will receive the nearest whole number of post-consolidation Common Shares. For greater certainty, any fractional interest representing less than 0.5 of a post-consolidation Common Share will not entitle the holder thereof to receive a post-consolidation Common Share and any fractional interest representing 0.5 or more of a post-consolidation Common Share will entitle the holder thereof to receive one whole post-consolidation Common Share. In calculating such fractional interests, all shares registered in the name of or beneficially held by such shareholder of Magellan or its nominee shall be aggregated.

Non-registered shareholders holding their Common Shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than those that will be put in place by the Corporation for registered shareholders, and their procedures may result, for example, in differences in the precise number of Common Shares issued to you in lieu of fractional share interests. If you hold your shares with such a bank, broker or other nominee and if you have questions in this regard, you are encouraged to contact your nominee.

If the proposed Consolidation is approved by shareholders and implemented by the Board of Directors, registered shareholders will be required to exchange their share certificates representing pre-consolidation Common Shares for new share certificates representing post-consolidation Common Shares. Registered shareholders will be sent a transmittal letter from the Corporation's transfer agent, Computershare Trust Company of Canada after the Meeting. The letter of transmittal will contain instructions on how to surrender your certificate(s) representing your pre-consolidation shares to the transfer agent. The transfer agent will forward to each registered shareholder who has submitted the required documents a new share certificate representing the number of post-consolidation Common Shares to which the shareholder is entitled. Until surrendered, each share certificate representing pre-consolidation Common Shares will be deemed for all purposes to represent the applicable number of whole post-consolidation Common Shares.

Under the Ontario *Business Corporations Act*, shareholders do not have dissent and appraisal rights with respect to the proposed Consolidation.

The following is a summary of the principal Canadian federal income tax consequences generally applicable to a shareholder who, for purposes of the *Income Tax Act* (Canada) (the "Tax Act"), at all relevant times holds Common Shares as capital property and who is not affiliated with, and deals at arm's length with, the Corporation. This summary does not apply to "financial institutions" (as defined for the purposes of "mark-to-market" rules in the Tax Act) or to non-resident insurers that carry on an insurance business in Canada and elsewhere. Such shareholders should consult their own tax advisors. This summary does not address any tax considerations relevant to the acquisition, holding or disposition of Common Shares, other than those tax issues that are directly the consequence of the Consolidation.

This summary is based on the current provisions of the *Income Tax Act* (Canada) (the "Tax Act"), the regulations thereunder (the "Regulations") and the current published administrative and assessing practices of the Canada Customs and Revenue Agency (the "CCRA"). This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and assumes that all such proposed amendments will be enacted in their present form. This summary does not otherwise take into account or anticipate any changes to the Tax Act, the Regulations, or administrative and assessing practices relating to any of the foregoing, whether by legislative, governmental or judicial decision or action.

This summary is of a general nature only and is not intended to be, and should not be construed as, legal or tax advice to any prospective shareholder. This summary does not take into account provincial, territorial or foreign tax considerations, which may vary from the Canadian federal income tax considerations described herein. Shareholders should consult their own tax advisors having regard to their particular circumstances.

Under the current administrative policy of the CCRA, no disposition or acquisition will be considered to have occurred for Canadian federal income tax purposes as a result of the consolidation of the Common Shares. Consequently, the Consolidation will not result in the realization of any income, gain or loss by a shareholder.

The new adjusted cost base of a post-consolidation Common Share will be the adjusted cost base of the pre-consolidation Common Shares times the number of shares consolidated to form a post-consolidation Common Share: in this case five (5). In other words, the adjusted cost base of each post-consolidation Common Share will be five times the adjusted cost base of the pre-consolidation Common Shares.

Amendments to Directors Stock Plan

The Directors Stock Plan is intended to encourage stock ownership by, and to provide effective incentives for, the directors of the Corporation to promote the success and business of the Corporation and to reward such directors in relation to the long-term performance and growth of the Corporation. On May 12, 2004 the shareholders of the Corporation approved the establishment of an upper limit of 175,000 Common Shares reserved for issuance pursuant to the Directors Stock Plan. Currently, the total number of Common Shares available to be issued pursuant to the Directors Stock Plan is 28,478. The only recipients of shares under the Directors Stock Plan are directors who would otherwise be entitled to director's fees of the Corporation.

Subject to shareholder approval, the Board proposes to further amend the Directors Stock Plan to increase the number of shares reserved for issuance pursuant to the Plan by an additional 175,000 Common Shares. As a result there will be 203,478 Common Shares (less than 1% of the Common Shares currently outstanding) reserved for issuance pursuant to the Directors Stock Plan for future grants, which is estimated by management to cover approximately 5 years of potential issuances to directors based on current retainer amounts.

Approval of the shareholders is required in respect of the proposal to increase the number of Common Shares reserved for issuance pursuant to the Directors Stock Plan. The resolution to approve these amendments requires the approval of a majority of the votes cast by shareholders who vote in respect of this resolution.

BE IT RESOLVED as an ordinary resolution that:

1. The Directors Stock Plan be amended to increase the number of shares reserved for issuance by an additional 175,000 Common Shares to a total of 203,478 Common Shares reserved for issuance pursuant to the Directors Stock Plan; and

2. Any officer or director of the Corporation be and is hereby authorized for, on behalf of and in the name of the Corporation to take any and all action and to execute and deliver any and all documents and instruments as may be necessary or desirable to give full effect to this resolution.

Other Matters

Management does not know of any other matters to be presented to the Meeting. If other matters should be properly presented at the Meeting, the persons named in the accompanying form of proxy will vote the Common Shares represented by such proxy with respect to such matters in accordance with their best judgement.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of preference shares, issuable in series, and an unlimited number of Common Shares, of which 90,892,828 Common Shares are issued and outstanding. Each Common Share carries one vote in respect of each matter to be voted upon at the Meeting. Holders of outstanding Common Shares of record at the close of business on March 28, 2008 are entitled to vote at the Meeting except to the extent that a person has transferred any Common Shares after that date and the transferee of such Common Shares establishes proper ownership and requests not later than 10 days before the Meeting that the transferee's name be included in the list of Shareholders eligible to vote at the Meeting.

To the knowledge of the directors and officers of the Corporation, other than as set out in the table below, no person beneficially owns or exercises control or direction over shares carrying more than 10% of the voting rights attached to any class of voting shares of the Corporation.

Name and Address of Holder	Class of Shares	Type of Ownership	Number of Shares	Percentage of Common Shares
N. Murray Edwards Calgary, Alberta	Common Shares	Direct and Indirect	25,284,893(1)	27.8%
Howson Tattersall Investment Counsel Limited	Common Shares	Indirect	9,956,825(2)	11.0%

Notes:

(1) In addition, Mr. Edwards beneficially owns directly or indirectly $17.5 million principal amount of 8.5% convertible unsecured subordinated debentures issued by the Corporation on January 30, 2008 and 1,005,000 8% cumulative redeemable convertible first preference shares series A (the "Preferred Shares") issued by the Corporation on May 27, 2005.

(2) The information in relation to the holdings of Howson Tattersall Investment Counsel Limited is based on information provided by them.

The directors and senior officers of the Corporation, as a group, hold 27,305,676 Common Shares representing approximately 30.0% of the outstanding voting shares of the Corporation.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The fundamental responsibility of the Board of Directors is to appoint a competent executive team and to oversee the management of the Corporation's business, with a view to maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner by way of an appropriate system of corporate governance and internal control.

The Board of Directors and management of the Corporation believe that effective corporate governance is essential to enhancing and protecting shareholder value and have monitored and, where appropriate, responded to regulatory developments aimed at improving corporate governance, increasing corporate accountability and enhancing the transparency of public company disclosure. Both National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (the "Disclosure Rule") and National Policy 58-201 - *Corporate Governance Guidelines* (the "Governance Policy") apply to the Corporation and replace the former guidelines relating to corporate governance practices adopted by the TSX. Attached as Schedule "A" is a discussion, which addresses the Corporation's position with respect to corporate governance practices and has been prepared in accordance with the Disclosure Rule.

STATEMENT OF EXECUTIVE COMPENSATION

The compensation of the President and Chief Operating Officer (acting in the capacity of chief executive officer), the Vice President Finance (acting in the capacity of the chief financial officer) and the three most highly compensated executive officers other than the President and Chief Operating Officer and the Vice President Finance (together the "Named Executive Officers") of the Corporation, as defined in Form 51-102F6 – Statement of Executive Compensation, who were serving at the fiscal year ended December 31, 2007 is set out in the Summary Compensation Table below.

Summary Compensation Table

The following table sets forth the compensation awarded, paid to or earned by the Corporation's Named Executive Officers during the three most recently completed fiscal years ended December 31, 2007.

Name and Principal Position	Year	Annual Compensation: Salary ($)	Bonus ($)[6]	Other Annual Compensation ($)[7]	Long-Term Compensation Awards: Securities under Options,/ SARs Granted (#)	All Other Compensation ($)
James S. Butyniec [1]	2007	299,675	87,012	–	150,000	24,076
President and Chief	2006	280,000	35,000	–	150,000	22,499
Operating Officer	2005	253,698	40,000	–	100,000	21,031
John B. Dekker [2]	2007	171,230	17,831	–	65,000	3,361
Vice President Finance	2006	166,243	17,904	–	50,000	3,122
and Corporate Secretary	2005	162,188	5,000	–	50,000	3,655
Larry A. Winegarden [3]	2007	170,223	17,726	–	45,000	13,315
Vice President Corporate	2006	165,667	17,842	–	50,000	13,508
Strategy	2005	160,842	5,000	–	30,000	17,543
William A. Matthews [4]	2007	159,895	16,651	–	15,000	11,845
Vice President Marketing	2006	157,921	17,008	–	15,000	11,698
	2005	155,971	5,000	–	20,000	17,102
Konrad B. Hahnelt [5]	2007	157,166	16,367	–	25,000	11,642
Vice President Strategic	2006	153,333	13,762	–	20,000	12,356
Global Sourcing	2005	149,229	5,000	–	20,000	13,362

Notes:

(1) Effective January 1, 2007, Mr. Butyniec was appointed President and Chief Operating Officer of the Corporation and effective January 28, 2008, Mr. Butyniec was appointed President and Chief Executive Officer of the Corporation. In the case of Mr. Butyniec, all other compensation consists partially of contributions by the Corporation to a defined contribution plan and premiums paid by the Corporation for life insurance.

(2) In the case of Mr. Dekker, all other compensation consists partially of premiums paid by the Corporation for life insurance. Mr. Dekker participates in the Fleet Industries Pension Plan (the "Pension Plan"). The amount of pensions payable under the Pension Plan to Mr. Dekker and others is determined as 1.2% of such person's highest average earnings. Highest average earnings are defined as the average of a person's highest 36 consecutive months of earnings during that person's service with the Corporation. Pensions are not reduced by Canada Pension Plan payments. The following table shows the total annual retirement benefits payable under the Pension Plan to an eligible person (based on a straight line annuity) in the specified compensation and years of service categories assuming retirement at age 65 or over.

PENSION PLAN TABLE

Highest Average Earnings ($)	Years of Service: 20	25	30	35
160,000	38,400	48,000	57,600	67,200
175,000	42,000	52,500	63,000	73,500
200,000	44,440	55,550	66,660	77,770

Mr. Dekker had 22 years of credited service under the Pension Plan as at December 31, 2007.

(3) In the case of Mr. Winegarden, all other compensation consists partially of contributions by the Corporation to a defined contribution plan and premiums paid by the Corporation for life insurance.

(4) In the case of Mr. Matthews, all other compensation consists partially of contributions by the Corporation to a defined contribution plan and premiums paid by the Corporation for life insurance.

(5) In the case of Mr. Hahnelt, all other compensation consists partially of contributions by the Corporation to a defined contribution plan and premiums paid by the Corporation for life insurance.

(6) Bonuses are shown in the year that they are earned.

(7) Aggregate perquisites and other personal benefits that do not exceed the lesser of $50,000 or 10% of the total annual salary and bonus are not included.

Stock Option Plan

The Corporation maintains the Employee Stock Option Plan (the "Plan"). Eligibility for participation under the Plan is confined to directors, officers and employees of the Corporation and its subsidiaries. Stock options to acquire no more than that number of Common Shares which is equal to 2%, in aggregate, of the outstanding Common Shares may be held by directors who are not employees or officers at any time. The number of Common Shares that may be optioned at any time is limited to 11,200,000 in total, and 5% of the outstanding Common Shares with respect to any one participant in the Plan. The Board of Directors recently amended the Plan in order to provide that the aggregate of the Common Shares issued to insiders (as defined in the *Securities Act* (Ontario)) of the Corporation within any one year period under the Plan and issuable to insiders at any time, when combined with all of the Corporation's other security based compensation arrangements, could not exceed 10% of the Corporation's total issued and outstanding Common Shares. The exercise price in respect of any option issued under the Plan shall be fixed by the Board of Directors and may not be less than the then prevailing market price of the Common Shares. Options issued under the Plan vest and may be exercised during a period determined by the Board of Directors which may not exceed 10 years, are non-assignable and terminate immediately upon the termination of the participant's employment for just cause and 30 days after the resignation of the participant or the termination of the participant's employment without just cause. Options issued under the Plan normally have a life of five years with vesting at 20% at the end of the first, second, third, fourth and fifth years from the date of the grant. In addition, certain business unit income tests must be met in order for the option holder's entitlement to fully vest. The Corporation does not provide financial assistance to option holders exercising options. The Plan may not be amended by the Board without shareholder approval in the case of the following amendments: (A) an amendment to the Plan to increase the maximum number of Common Shares issuable on exercise of options in excess of the limits currently prescribed; (B) to reduce the exercise price of any outstanding options held by insiders; (C) to extend the term of any outstanding option beyond the original expiry date of such options in the case of options held by insiders; (D) to increase the maximum limit on the number of securities that may be issued to insiders under all securities based compensation arrangements to in excess of the 10% of the aggregate of the number of Common Shares issuable to insiders within any one year period under the Plan, and the number of shares reserved for issuance to insiders under the Plan; (E) modify the provisions of the Plan relating to eligibility; or (F) to amend the amending provision of the Plan.

During the year ended December 31, 2007, 300,000 options (being less than 1% of the Corporation's outstanding Common Shares) were granted to the Named Executive Officers to acquire Common Shares. As of March 20, 2008, options to purchase an aggregate of 4,367,850 Common Shares (being 4.8% of the Corporation's outstanding Common Shares) are outstanding under the Plan at prices ranging from $2.65 to $3.20 per share and 3,998,853 Common Shares (4.4% of the Corporation's outstanding Common Shares) are reserved for issuance pursuant to the Plan for future grants.

The following table sets forth, with respect to the Named Executive Officers, the number of options to purchase Common Shares granted during the year ended December 31, 2007:

OPTION/SAR GRANTS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

Name	Securities, Under Options/SARS Granted (#)	Per cent of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price ($/Security)	Market Value of Securities Underlying Options/SARs On the Date of Grant ($/Security)	Expiration Date
James S. Butyniec	150,000	10.5%	$3.20	$3.20	December 31, 2012
John B. Dekker	65,000	4.5%	$3.20	$3.20	December 31, 2012
Larry A. Winegarden	45,000	3.1%	$3.20	$3.20	December 31, 2012
William A. Matthews	15,000	1.0%	$3.20	$3.20	December 31, 2012
Konrad B. Hahnelt	25,000	1.7%	$3.20	$3.20	December 31, 2012

The following table sets forth, with respect to the Named Executive Officers, the number of options to purchase Common Shares exercised and options unexercised and the value of in-the-money stock options at December 31, 2007:

AGGREGATED OPTION/SAR EXERCISES DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR-END OPTION/SAR VALUES

Name	Securities Acquired or Exercised (#)	Aggregate Value Realized ($)	Unexercised Stock Options/SARs at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money Stock Options/SARs at FY-End ($) Exercisable/ Unexercisable
James S. Butyniec	–	–	89,000 / 374,000	- / -
John B. Dekker	–	–	49,000 / 165,000	- / -
Larry A. Winegarden	–	–	28,500 / 117,000	- / -
William A. Matthews	–	–	21,000 / 51,000	- / -
Konrad B. Hahnelt			20,000 / 55,000	- / -

The dollar amounts for the value of unexercised in-the-money-stock options are nil based on the closing market price of the Common Shares on December 31, 2007 of $1.35.

Employment Contracts

None of the Named Executive Officers have an employment contract with the Corporation.

Human Resources and Compensation Committee Report on Executive Compensation

The Corporation's executive compensation program is administered by the Human Resources and Compensation Committee of the Board of Directors (the "Committee"). As part of its mandate, the Committee has primary responsibility for reviewing compensation and human resources issues and making recommendations to the Board of Directors with respect to the appointment and remuneration of executive officers of the Corporation. The Committee has the responsibility of monitoring executive management's performance assessment and succession planning, reviewing compensation and human resources issues and reviewing the evaluation of the President and Chief Executive Officer, or person acting in such capacity, (the "CEO") performance and recommending to the Board of Directors the CEO's compensation. The Committee also evaluates the performance of the Corporation's senior executive officers and reviews the design and competitiveness of the Corporation's compensation plan. During the financial year ended December 31, 2007, the Committee met once and performed other business by means of a circulated resolution in writing. The Committee reviewed the CEO’s recommendation for corporate compensation and benefit plans including proposed salary ranges, bonuses, stock options; reviewed the performance and compensation of the CEO; reviewed and approved the CEO’s recommendation for salaries, budgets, organization and manpower plans, and succession planning; reviewed and approved directors’ compensation; recommended stock options be granted and reviewed the Committee’s charter.

Executive Compensation Program

The Corporation's executive compensation reflects the Corporation's desire to attract and retain top level executives required to ensure the success of the Corporation’s short and long terms goals, to motivate the executive officers in achieving and exceeding the goals of the Corporation and its shareholders, and to remunerate its executives at a level commensurate with the market rate for executives with similar levels of responsibility. The basis for compensation to be paid to each executive officer consists of a base amount and performance-oriented incentive compensation. Incentive compensation is contingent upon both the short-term and the long-term performance of the Corporation and the individual’s contribution towards that performance made by the executive officer concerned.

Base Compensation

During 2007, the Corporation did not engage any independent consultants to review base salary levels for executive officers of the Corporation but did participate in and review the results of surveys for Canadian companies with revenues between $500 million and $1 billion to evaluate the competitiveness of the base salary levels of Magellan. The recommendations of the Committee for base salary levels are presented to the Board of Directors for approval prior to implementation.

Annual Bonus

Employees, including executive officers, are eligible for annual incentive awards which are determined by the Committee, subject to approval by the Board of Directors, with reference to the performance of their business unit as well as the Corporation as a whole. Performance is measured by comparing actual results against projected results. Bonuses awarded in 2007 were primarily based on the following defined criteria: actual group wide corporate profit versus budgeted group wide corporate profit, business unit profit and inventory control versus budgeted business unit profit and inventory control, compliance with corporate policies, and achievement of agreed upon performance goals.

Stock Options

The Corporation's Employee Stock Option Plan is administered by the Committee and is designed to give each option holder an interest in preserving and maximizing shareholder value in the long term, to enable the Corporation to attract and retain individuals with experience and ability and to reward individuals for current performance and expected future performance. The Committee has the sole discretion to determine the key employees to whom it recommends that grants of options be made and to determine the terms of the options forming part of such grant.

The Committee prepares recommendations on the allocation of stock options and presents these recommendations to the Board of Directors for modification or approval. Any grant by and any determination made by the Committee requires confirmation by the Board of Directors.

For more details on the Employee Stock Option Plan, see "Statement of Executive Compensation – Summary Compensation Table" and "Statement of Executive Compensation – Stock Option Plan".

Benefits

Benefits are maintained at a level that is considered competitive with similar companies.

The Summary Compensation Table above summarizes the compensation data for the President and Chief Operating Officer (the chief executive officer), the Vice President Finance (the chief financial officer) and the other Named Executive Officers.

The President and Chief Operating Officer’s annual compensation is determined by the Committee and recommended to the Board of Directors for approval and comprises the components described above based on the same criteria and measures set forth above. The individual performance of the President and Chief Operating Officer is measured against the goals, objectives and standards set by the Committee. The goals include both financial and non-financial dimensions, covering performance in the following areas: financial performance; marketing; operations; human resources management; technology and information infrastructure management; strategic planning; and corporate governance. Based on a review of the foregoing, the Committee rates the performance of the President and Chief Operating Officer as part of his performance review and recommends to the Board of Directors his compensation based on his and the Corporation’s performance.

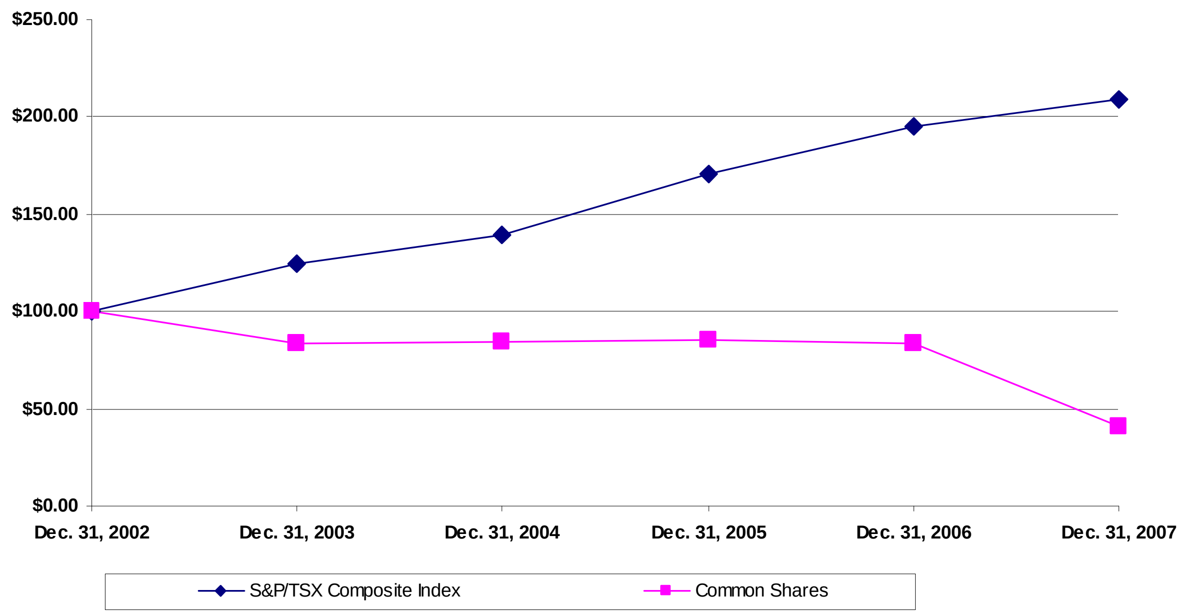
Composition of the Human Resources and Compensation Committee

The Report on Executive Compensation is submitted by the Human Resources and Compensation Committee of the Board of Directors, the members of which are set out below. Each member of the Committee is an independent director as defined in Section 1.4 of Multilateral Instrument 52-110 – *Audit Committee*.

William G. Davis (Chairman)
Bruce W. Gowan
James S. Palmer

Performance Graph

The following graph shows changes over the five-year period ended December 31, 2007 in the value of $100 invested on December 31, 2002 in: (1) the Common Shares; and (2) the S&P/TSX Composite Index:



	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2007
S&P/TSX Composite Index (1)	$100.00	124.29	139.79	170.41	195.15	209.13
Common Shares	$100.00	83.84	84.76	85.37	83.84	41.16

Note:
(1) The S&P/TSX Composite Index is the total return index.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans approved by security holders (1)	4,367,850	$3.00	4,027,331 (2)
Equity Compensation Plans not approved by security holders	NIL	NIL	NIL

Notes:

(1) The only equity compensation plans of the Corporation are the Directors Stock Plan and the Employee Stock Option Plan described in this Proxy Circular.

(2) Included are Common Shares reserved for issuance under the Directors Stock Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation, proposed director of the Corporation and no associate or affiliate of such informed person or proposed director has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last completed financial year or in any proposed transaction, which, in either case, has materially affected or would materially affect the Corporation or any of its subsidiaries except as described in our Annual Information as set forth below.

Reference is made to the following sections of our Annual Information Form which is filed on SEDAR at www.sedar.com: "Recent Developments", "Borrowings", "Interest of Management and Others In Material Transactions" and "Material Contracts", all of which sections are incorporated by reference in this Proxy Circular.

DIRECTORS' AND OFFICERS' INSURANCE

Directors' and officers' liability insurance has been purchased by the Corporation for the benefit of the directors and officers of the Corporation and its subsidiaries. The current insurance coverage is for the term November 1, 2007 to November 1, 2008. The premium for such insurance was $100,998, which was paid by the Corporation. Neither directors nor officers will pay any portion of the premium. The aggregate insurance coverage obtained under the policy is limited to $20,000,000 for any one loss. The deductible which will be borne by the Corporation is $1,000,000 in respect of any one loss.

ADDITIONAL INFORMATION

Copies of this Proxy Circular, the Annual Report which contains the consolidated financial statements of the Corporation for the most recently completed fiscal year, the Management Discussion and Analysis and the Annual Information Form may be obtained from SEDAR at www.sedar.com or free of charge upon request from the Secretary of the Corporation at the head office, Magellan Aerospace Corporation, 3160 Derry Road East, Mississauga, Ontario, L4T 1A9. Telephone: (905) 677-1889; Facsimile: (905) 677-5658.

APPROVAL

The contents and the sending of this information circular have been approved by the Board of Directors of the Corporation.

March 20, 2008

John B. Dekker
Corporate Secretary

SCHEDULE "A"

CORPORATE GOVERNANCE DISCLOSURE

The Canadian Securities Administrators have approved the governance guidelines set out in National Policy 58-201 *Corporate Governance Guidelines* (the "Governance Policy") and the disclosure of governance practices in accordance with National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the "Disclosure Rule").

The Board of Directors (the "Board") has reviewed the corporate governance practices in the Governance Policy and Multilateral Instrument 52-110 – *Audit Committees* ("MI 52 110") and is of the view that the Corporation complies with substantially all of the recommended practices. The following discussion addresses the Corporation's position with respect to corporate governance practices and has been prepared in accordance with the Disclosure Rule.

1 Board of Directors

(a) The Board, acting through the Governance and Nominating Committee, is responsible for determining whether or not each director is an "independent" director within the meaning of section 1.4 of MI 52-110. In summary, a director is "independent" under the Corporation's standards if the Board determines that the director has no material relationship with the Corporation or any of its affiliates, or with the Corporation's auditors, either directly or indirectly, or as a partner, shareholder or officer of an entity that has a relationship with the Corporation. In addition, certain relationships deem a director not to be "independent". The determinations are based on information concerning the personal, business and other relationships and dealings between the directors and the Corporation. To do this the Committee analyzes the relationships of the directors with the Corporation and its affiliates based on information collected through biographical material, reports and questionnaires completed by the directors. The Board has determined that the following directors are "independent": William G. Davis, William A. Dimma, Bruce W. Gowan, Donald C. Lowe, James S. Palmer and M. Douglas Young. The Board has determined that all the members of the Audit Committee (William A. Dimma, Bruce W. Gowan and Donald C. Lowe) meet the additional independence requirements for membership on public company audit committees.

(b) Each of the following directors is not an "independent" director within the meaning of section 1.4 of MI 52-110:

(i) N. Murray Edwards has a material relationship with the Corporation.

(ii) Larry G. Moeller is an officer of Edco Financial Holdings Ltd, a private company controlled by Mr. Edwards.

(iii) Richard A. Neill was the President and Chief Executive Officer of the Corporation until December 31, 2006.

(iv) James S. Butyniec, the President and Chief Executive Officer of the Corporation, will not be an independent director if elected at the Meeting.

(c) A majority of the directors are "independent" within the meaning of section 1.4 of MI 52-110.

(d) The following table sets forth the name of each director of the Company who is presently a director of another issuer that is a reporting issuer and the name of the other issuer. The information below has been provided by each director.

NAME OF THE DIRECTOR	NAME OF THE OTHER ISSUER
N. Murray Edwards	Canadian Natural Resources Limited Ensign Energy Services Inc.
William G. Davis	The First American Corporation FCT Insurance Company Ltd. BPO Properties Ltd. Home Capital Group Inc. Home Trust Company Registered Retirement Residences Real Estate Investment Trust
William A. Dimma	Brookfield Asset Management Company Home Capital Group Inc. Decision Dynamics Technology Inc. Home Trust Company York University Development Corporation
Bruce W. Gowan	International Water-Guard Industries Inc.
Donald C. Lowe	Integrated Asset Management Corp.
Larry G. Moeller	Ceramic Protection Corporation Crocotta Energy Inc. Imperial Metals Corporation Jovian Capital Corporation
James S. Palmer	Canadian Natural Resources Limited
M. Douglas Young	Genesee & Wyoming Inc.

(e) The Board has established a policy of having as part of each meeting of the Board, sessions where the Board meets independently of management and the "independent" directors meet privately. The Board has access to information independent of management through the external auditors.

(f) N. Murray Edwards is the Chairman of the Board and he is not an "independent" director. The Corporation does not have a lead director. The "independent" directors are all experienced directors, fully versed in corporate governance issues, given an opportunity at each Board meeting to meet independently and encouraged to discuss issues privately.

2. Board Mandate

The fundamental responsibility of the Board of Directors is to appoint a competent executive team and to oversee the management of the business, with a view to maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner via an appropriate system of corporate governance and internal control.

A copy of the general guidelines of the Board is attached as Appendix "I" hereto.

3. Position Descriptions

(a) **Chairman of the Board:** The Board has developed a written position description for the chairman of the Board. The fundamental responsibilities of the chairman are to provide leadership, manage the board, act as liaison between management and the Board, and represent the Corporation to external groups. The chairman is explicitly accountable for ensuring the Board carries out its responsibilities effectively. This includes ensuring that the responsibilities of the Board are well understood by both the Board and management and that the boundaries between the Board and management are clearly understood and respected; the Board works as a cohesive team; resources available to the Board (in particularly timely and relevant information) are adequate to support its work; and a system is in place that provides for maintaining liaison and communication with all directors and committee chairs to co-ordinate input from directors, and optimize the effectiveness of the Board and its committees.

Chair of Board Committees: The Board has developed a written position description for the chair of Board committees. The fundamental responsibilities of the committee chair are to manage the business of the committee and ensure that the committee's activities are consistent with, and fulfill, the committee's mandate. In addition, the chairman of each committee is required to: report to the Board at its next meeting following any meeting of the committee or the signing of a written resolution evidencing a decision or recommendation of the committee; ensure that the committee has access to such members of senior management as may be required by the committee; attend every meeting of shareholders and respond to such questions from shareholders as may be put to the chairman of the committee; and provide leadership to enable the committee to act as an effective team in carrying out its responsibilities.

(b) **President and Chief Executive Officer:** The Board and President and Chief Executive Officer ("CEO") have developed a written position description for the CEO. The CEO's fundamental responsibility is the general direction and management of the business and affairs of the Corporation in accordance with the corporate strategy and objectives approved by the Board, within the authority limitations delegated by the Board. Specific duties are to: develop and execute corporate strategy designed to achieve sustained, profitable growth with an objective of maximizing shareholder value which takes into account, among other things, the opportunities and risks of the business; establish, maintain and regularly review an effective system of internal controls designed to safeguard the Corporation's assets, and the integrity of its financial and other reporting systems; establish and maintain an effective system to identify all significant risks to the Corporation's businesses and ensure that procedures are established to mitigate the impact of the risks in the best interest of shareholders; in conjunction with the Human Resources and Compensation Committee of the Board establish and maintain a comprehensive compensation strategy, including competitive industry positioning, weighting of compensation elements, a system of performance appraisals and the relationship of compensation to performance; establish and maintain appropriate systems to address all applicable regulatory, corporate, securities and other compliance matters, and ensure that due diligence processes and appropriate controls are in place with respect to applicable requirements including, without limitation, certification requirements, regarding the Corporation's financial and other disclosure; ensure that procedures are in place for proper external and internal corporate communications to all stakeholders; establish a system that provides for corporate management succession, compensation and development including monitoring corporate management performance against established objectives; foster a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.

4. Orientation and Continuing Education

The composition of the Board has been stable for the past several years, consisting of directors who are familiar with the industry, or who bring particular expertise to the Board from their professional experience. All new directors are provided with an orientation program that includes the provision of published and non-published information that details the financial position and describes the business and organizational structures of the Corporation. Directors have toured most of the operating facilities and have had opportunities to meet with corporate and divisional management.

5. Ethical Business Conduct

(a) The Board has adopted a written code of ethics and business conduct (the "Code") for its directors, officers and employees. The Board has the responsibility of reviewing and monitoring controls and procedures within the Corporation to maintain the integrity and accuracy of its financial reporting, internal controls and disclosure controls, and management information systems, and compliance with its Code. Complaints or questions concerning the Code are directed to the Audit Committee and the Audit Committee reports to the Board. The Board ensures compliance with the Code by requiring directors and management to set an example of ethical conduct. The Board has adopted whistleblower protection procedures which allow employees who feel that a violation of the Code has occurred to report violations on a confidential and anonymous basis. The procedure also allows concerns regarding accounting, internal accounting controls or auditing matters to be reported on a confidential and anonymous basis. Complaints can be made directly to the Chairman of the Audit Committee or the Vice President Human Resources.

No material change report has been filed within the preceding 12 months that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.

A copy of the Corporation's Code has been filed on SEDAR at www.sedar.com.

(b) To ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has or may have a material interest, as part of the discussion concerning the proposed transaction the interested director or executive officer discloses his or her interest to the Board, the Board has in camera discussions without the interested director or executive officer present, and, in accordance with applicable law, an interested director does not vote on the matter.

6. Nomination of Directors

(a) The Governance and Nominating Committee is responsible for identifying and recommending candidates for nomination for election as directors based on selection criteria and individual characteristics. As well, the Committee reviews annually the credentials of nominees for re-election as directors against criteria and conflicts of interest, changes in occupation and issues of independence and makes recommendations to the Board on corporate governance matters such as the size and composition of the Board and the structure, responsibility and composition of committees of the Board.

(b) The Governance and Nominating Committee is composed of all "independent" directors.

7. Compensation

(a) The Human Resources and Compensation Committee is responsible for reviewing on an annual basis the compensation and benefits paid to the directors, the CEO, the Chairman of the Board and other senior officers of the Corporation.

(b) The Human Resources and Compensation Committee is composed of all "independent" directors.

(c) In addition to the responsibilities referred to in Section 7(a), the Human Resources and Compensation Committee is responsible for monitoring executive management's performance assessment and succession planning, reviewing compensation and human resources issues including new benefits, reviewing the evaluation of the CEO's performance and recommending to the Board the CEO's compensation, and reviewing and recommending amendments to the Corporation's stock option plan. The Committee meets at least once a year, may perform certain of its duties during the year by means of circulating resolutions in writing and is empowered to engage outside resources, as it deems advisable, at the expense of the Corporation.

(d) In 2007 the Human Resources and Compensation Committee did not retain a compensation consultant to assist in determining compensation for any of the directors or officers.

8. Other Board Committees

The Board has four committees: Audit, Governance and Nominating, Human Resources and Compensation, and Environmental and Safety. Each committee has a written mandate. Each committee is empowered to engage outside resources, as it deems advisable, at the expense of the Corporation. All the Committees except the Environmental and Safety Committee are composed of entirely "independent" directors. The Environmental and Safety Committee is composed of a majority of "independent" directors.

The Environmental and Safety Committee has the responsibility of overseeing the development and implementation of environmental and safety policies, procedures and guidelines, assessing corporate environmental and safety practices and reviewing the Corporation's business plan to ascertain whether environmental and safety issues are adequately taken into consideration.

The Audit Committee oversees the integrity of the Corporation's financial reporting, its internal control, disclosure control and internal audit processes, and its compliance with legal and regulatory requirements. The Committee also reviews and assess the qualifications, independence and performance of the Corporation's external auditors. In addition to being "independent", the Board has determined that each member of the Audit Committee is "financially literate", as such term is defined under MI 52-110.

The Governance and Nominating Committee is responsible for developing and maintaining governance principles consistent with high standards of corporate governance. The Governance and Nominating Committee identifies and recommends candidates for nomination to the Board, as described above, monitors the orientation program for new directors and is responsible for developing and instituting processes to assess the performance of the Board, its Committees and individual directors. The

Governance and Nominating Committee annually reviews the Corporation's governance practices and disclosures to ensure that the Corporation maintains a high standard.

The Human Resources and Compensation Committee is responsible for assisting the Board in ensuring that human resources strategies support the Corporation's objectives and sustain shareholder value. Section 7 above describes in more detail the responsibilities of the Human Resources and Compensation Committee.

9. Assessments

The Governance and Nominating Committee is responsible for monitoring the effectiveness of the Board and the performance of the directors. The process is facilitated by evaluation forms sent on behalf of the Chair of the Committee to enable individual directors to provide feedback on the effectiveness of the Board and its committees. The Committee assesses the operation of the Board and the committees, the adequacy of information given to directors and processes of the Board and committees. The Committee recommends changes to enhance the performance of the Board based on the responses to the evaluation forms.

APPENDIX "I"

MAGELLAN AEROSPACE CORPORATION

BOARD OF DIRECTORS

GENERAL GUIDELINES

GENERAL

The fundamental responsibility of the Board of Directors is to appoint a competent executive team and to oversee the management of the business, with a view to maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner via an appropriate system of corporate governance and internal control.

SPECIFIC

- Establish and maintain an appropriate system of corporate governance including practices to ensure the Board functions effectively and independently of management, including reserving a portion of all Board and its committee meetings for in camera discussions without management present.
- Appoint the Chief Executive Officer ("CEO") and senior officers, approve their compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value.
- Review the integrity of the CEO and other senior officers and ensure that they foster a corporate culture of ethical practices and integrity.
- Adopt a strategic planning process and approve, on at least an annual basis, and monitor the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the Corporation's business.
- Ensure that a system is in place to identify significant risks to the Corporation and that appropriate systems are in place to manage these risks.
- Ensure that resources are available to implement and maintain an adequate system of internal control and management information systems.
- Ensure that a comprehensive compensation strategy is maintained which includes competitive industry positioning, weighting of compensation elements and relationship of compensation to performance.
- Review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and financial reporting requirements.
- Ensure that processes are maintained to address applicable regulatory, corporate, securities and other compliance matters, and that due diligence processes and appropriate controls are in place with respect to all applicable requirements including, certification requirements, regarding the Corporation's financial disclosure.
- Maintain a system for corporate communications to all stakeholders.

- Maintain a system for receiving feedback from stakeholders.
- Approve the slate of directors for nomination to the Board and maintain appropriate practices for the regular evaluation of the effectiveness of the Board including Board committees and their respective mandates, and the effectiveness of individual directors.
- Maintain a system authorizing and monitoring the limits of authority delegated to management.
- Approve annual operating and capital budgets.
- Review operating and financial performance results relative to established strategy, budgets, and objectives.
- Review and consider for approval all amendments or departures proposed by management from established strategy, capital and operating budgets, or matters of policy, which diverge from the ordinary course of business.
- Ensure that a process is established that adequately provides for management succession planning, including the appointing, training, and monitoring of senior management.
- Describe the expectations and responsibilities with respect to attendance at Board meetings.
- In addition to the above, adherence to all other Board responsibilities as set forth in the Corporation's By-laws and other statutory and regulatory requirements.