Magellan Aerospace Corporation
First Quarter Report
March 31, 2011

Magellan Aerospace Corporation (the "Corporation" or "Magellan") is listed on the Toronto Stock Exchange under the symbol MAL. The Corporation is a diversified supplier of components to the aerospace industry and in certain circumstances for power generation projects. Through its network of facilities throughout North America and the United Kingdom, Magellan supplies leading aircraft manufacturers, airlines and defence agencies throughout the world.

Financial Results

On June 1, 2011, the Corporation released its financial results for the first quarter of 2011. All amounts are expressed in Canadian dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended March 31		
Expressed in thousands of dollars, except per share amounts	**2011 $**	**2010 $**	**Change %**
Revenues	170,487	177,617	(4.0)%
Gross Profit	23,759	21,205	12.0%
Net Income	7,222	3,787	90.7%
Net Income per share – Diluted	0.14	0.07	100.0%

This quarterly statement 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 quarterly statement, including EBITDA, the terms for which are not defined under International Financial Reporting Standards. The Corporation defines EBITDA as earnings before interest, dividends on preference shares, taxes, depreciation and amortization and non-cash charges. 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.

MAGELLAN AEROSPACE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis provides a review of activities, results of operations, and financial condition of Magellan Aerospace Corporation for the three months ended March 31, 2011, in comparison with those for the three months ended March 31, 2010. References to "Magellan" or "the Corporation refer to Magellan Aerospace Corporation and its subsidiaries, as applicable. The following discussion should be read in conjunction with the unaudited interim consolidated financial statements, including the notes thereto, for the three months ended March 31, 2011, and the audited annual consolidated financial statements for the year ended December 31, 2010. The date of the MD&A is June 1, 2011.

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

As we move into 2011, the global economy has been threatened to some degree by Middle East unrest and a significant rise in oil prices. Impact on the civil airline sector will be from the potential dampening of global travel and the continued higher price of fuel resulting from higher oil prices due to events in the Middle East. Nevertheless, the airline industry continues to report higher load factors, revenue, and business travel, but profits will be reduced by the higher cost of fuel. The commercial aerospace industry has announced production rate increases through 2012 to fulfill current and projected demand. In the defence aerospace sector, spending authorizations were late in the United States, delaying in some cases program implementation, and maintained at reduced levels in much of Europe and South America. Relatively robust spending is planned for much of Asia.

The Corporation has positioned itself for growth with production on the new B787 twin-aisle from Boeing forecasted to enter service in 2011, and the new A350 twin-aisle from Airbus expected to enter service over the next several years. During 2010 and early 2011, Magellan was awarded four additional contracts for work on civil aircraft. Magellan also increased its position on the F-35 multi-national JSF program in 2010, assisted by its investment in technology, knowledge, plant and equipment. The F-35 program added new customers in 2010, and the air force and navy variants of the aircraft (F-35A and F-35C respectively) moved ahead of schedule in testing. Low rate production of these variants is expected to accelerate annually in 2011 and beyond, with the vertical landing variant, the F-35B, expected to recover to its testing schedule by 2012.

The global space market is growing in segments that include science and space exploration, defence, and media, which affect earth observation, communication, navigation, and entertainment. Magellan has been involved in various space activities for over four decades and has more recently established itself as a satellite developer, obtaining a significant and growing role within the Canadian space program over the past decade. With two complete satellites delivered, Magellan is presently under contract to design the satellite bus for Canada's RADARSAT Constellation Mission (RCM), with manufacturing and assembly of the three-satellite RCM constellation to commence in 2012.

The Corporation's results continue to reflect the benefits of investment in new technology, equipment, and knowledge across all operating sites. Operations are developing manufacturing processes that will be required over the next several years as strategically important, more complex core products are introduced. Non-core work continues to be moved out to local and emerging market sites, freeing capacity for new program ramp-up. Business development activities continue to focus on increasing the level and complexity of core activity within the operating sites, and adding value to the Corporation's key customers.

Magellan's Winnipeg location has been affected by a work stoppage of union employees that began on April 1, 2011, which will result in the Corporation having lower revenue for the aerospace segment in the second quarter of 2011 than if the work stoppage had not occurred. To date, critical customer requirements have been met. Efforts continue to arrive at a solution with the next step being binding arbitration.

For additional information, please refer to the "Management's Discussion and Analysis" section of the Corporation's 2010 Annual Report available 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. Please see additional discussion regarding IFRS later in this MD&A.

ANALYSIS OF OPERATING RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2011

The Corporation reported lower revenue in the first quarter of 2011 than the first quarter of 2010, reflecting lower revenue in both the aerospace segment and the power generation project segment. Gross profit and net income for the first quarter of 2011 were $23.8 million and $7.2 million, respectively, an increase from the first quarter of 2010 gross profit of $21.2 million and net income of $3.8 million.

Consolidated Revenue

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

					Three month period ended March 31
Expressed in thousands of dollars		**2011**		2010	Change
Aerospace	**$**	**154,615**	$	161,487	(4.3)%
Power Generation Project		**15,872**		16,130	(1.6)%
Total revenues		**170,487**		177,617	(4.0)%

Consolidated sales for the first quarter ended March 31, 2011 decreased 4.0% to $170.5 million from $177.6 million in the first quarter of 2010, due mainly to decreased revenues earned in the Aerospace segment.

Aerospace Segment

Revenues for the Aerospace segment were as follows:

					Three month period ended March 31
Expressed in thousands of dollars		**2011**		2010	Change
Canada	**$**	**72,369**	$	82,369	(12.1)%
United States		**47,022**		46,066	2.1%
United Kingdom		**35,224**		33,052	6.6%
Total revenues		**154,615**		161,487	(4.3)%

Consolidated revenues for the first quarter of 2011 of $154.6 million were 4.3% lower than revenues of $161.5 million in the first quarter of 2010. Revenues in Canada in the first quarter of 2011 decreased 12.1% from the same period in 2010 as the Corporation experienced lower volumes on specialty products due to the cyclical nature of the business. In addition US denominated sales in Canada were negatively impacted by the decline of the US dollar against the Canadian dollar. Increased revenues in the United States in the first quarter of 2011 in comparison to the first quarter of 2010 resulted from increased volumes on several of the Corporation's single aisle aircraft programs as well as the introduction of new programs. Revenues in the United Kingdom in the first quarter of 2011 increased over revenues in the same period in 2010 as a result of the increased volumes experienced on the Airbus statement of work.

Power Generation Project Segment

Revenues for the Power Generation Project segment were as follows:

				Three month period ended March 31
Expressed in thousands of dollars	**2011**		2010	Change
Power Generation Project	**$ 15,872**	$	16,130	(1.6)%
Total revenues	**15,872**		16,130	

Decreased revenues in the first quarter of 2011 over the same period in 2010 represents the Corporation's progress made on the Ghana electric power generation project in the period in comparison to the progress made in the previous quarter.

Gross Profit

				Three month period ended March 31
Expressed in thousands of dollars	**2011**		2010	Change
Gross profit	**$ 23,759**	$	21,205	12.0%
Percentage of revenues	**13.9%**		11.9%	

Gross profit of $23.8 million (13.9% of revenues) was reported for the first quarter of 2011 compared to $21.2 million (11.9% of revenues) during the same period in 2010. Gross profit, as a percentage of revenues, increased over the same period in 2010 reflecting price increases and operational performance improvements achieved during the first quarter of 2011.

Administrative and General Expenses

		Three month period ended March 31
Expressed in thousands of dollars	**2011**	2010
Administrative and general expenses	**$ 9,243**	$ 9,602
Percentage of revenues	**5.4%**	5.4%

Administrative and general expenses were $9.2 million (5.4% of revenues) in the first quarter of 2011 compared to $9.6 million (5.4% of revenues) in the first quarter of 2010.

Other

		Three month period ended March 31
Expressed in thousands of dollars	**2011**	2010
Foreign exchange (gain) loss	**$ (121)**	$ 1,485
Loss (gain) on sale of PP&E	**22**	(3)
Other	**(99)**	1,482

Other income of $0.1 million in the first quarter of 2011 consisted of realized and unrealized foreign exchange gains offset by losses realized on the sale of property plant & equipment. Other income in the first quarter of 2010 resulted from unrealized foreign exchange losses of $1.5 million.

Interest Expense

		Three month period ended March 31
Expressed in thousands of dollars	**2011**	2010
Interest on bank indebtedness and long-term debt	**$ 2,921**	$ 3,995
Convertible debenture interest	**986**	986
Accretion charge for convertible debt and long-term debt	**203**	204
Discount on sale of accounts receivable	**152**	133
Total interest expense	**4,262**	5,318

Interest expense of $4.3 million in the first quarter of 2011 was lower than the first quarter of 2010 amount of $5.3 million. Interest on bank indebtedness and long-term debt decreased as principal amounts outstanding during the first quarter of 2011 were lower than those in the first 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 first quarter of 2010.

Provision for Income Taxes

Expressed in thousands of dollars	Three month period ended March 31 2011	2010
Expense (recovery) of current income taxes	**$ 23**	$ (242)
Expense of future income taxes	**2,868**	1,258
Total expense of income taxes	**2,891**	1,016
Effective Tax Rate	**28.6%**	21.2%

The Corporation recorded an income tax expense of $2.9 million for the first quarter of 2011, compared to an income tax expense of $1.0 million for the first 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. The recognition of future tax assets derived from temporary differences in Canada also contributed to the higher effective tax rate.

SELECTED QUARTERLY FINANCIAL INFORMATION

	International Financial Reporting Standards					Previous Canadian GAAP		
	2011	2010				2009		
Expressed in millions of dollars	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Revenues	$ 170.5	$ 187.9	$ 184.7	$ 181.4	$ 177.6	$ 165.8	$ 164.2	$ 177.3
Net Income	7.2	15.4	8.0	7.1	3.8	2.0	10.8	5.4
Net Income per common share								
Basic	0.40	0.85	0.44	0.39	0.21	0.09	0.57	0.27
Diluted	0.14	0.29	0.16	0.14	0.07	0.05	0.20	0.12

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 first quarter of 2011 fluctuated reaching a low of 0.9671 and a high of 1.006. During 2010, the British Pound relative to the Canadian dollar fluctuated reaching a low of 1.5579 and a high of 1.6095. Had exchange rates remained at levels experienced in the first quarter of 2010, reported revenues in the first quarter of 2011 would have been higher by $6.7 million.

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 (earnings before interest expense, dividends on preference shares, income taxes, depreciation, amortization and certain non-cash charges). 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.

Expressed in thousands of dollars	Three-month period ended March 31 2011	2010
Net income	**$ 7,222**	$ 3,787
Interest	**4,262**	5,318
Dividends on preference shares	**240**	–
Taxes	**2,891**	1,016
Stock based compensation	**38**	94
Depreciation and amortization	**8,084**	8,786
EBITDA	**22,737**	19,001

EBITDA for the first quarter of 2011 was $22.7 million, compared to $19.0 million in the first quarter of 2010. As previously discussed, increased gross profit and a reduction in administrative and general expenses resulted in increased EBITDA for the current quarter.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow from Operations

Expressed in thousands of dollars		Three-month period ended March 31 2011		2010
Increase in accounts receivable	**$**	**(11,207)**	$	(3,831)
(Increase) decrease in inventories		**(5,227)**		4,223
(Increase) decrease in prepaid expenses and other		**(2,519)**		12,738
Increase (decrease) in accounts payable		**12,100**		(9,424)
Changes to non-cash working capital balances		**(6,853)**		3,706
Cash provided by operating activities		**9,889**		16,516

In the quarter ended March 31, 2011, the Corporation generated $9.9 million of cash from its operations, compared to cash generated by operations of $16.5 million in the first quarter of 2010. Cash was generated mainly by an increase in net income, an increase in accounts payable offset by increased accounts receivable, inventory and prepaid expenses and other.

Included in inventory is an amount of approximately $30.0 million, representing the value of certain additional work Magellan has undertaken on the Ghana electric power generation project that is over and above the initial contract. As at March 31, 2011 the customer had not yet finalized financing for this extra work. The customer has confirmed their intention to accept the additional work statement and financing is expected to be in place shortly. Until such financing is in place, the Corporation will not record revenue for the additional work and will continue to account for the related costs in inventory.

Investing Activities

Expressed in thousands of dollars		Three-month period ended March 31 2011		2010
Purchase of property plant & equipment	**$**	**(5,430)**	$	(2,325)
Proceeds of disposals of property plant & equipment		**136**		101
Increase in other assets		**(3,817)**		(3,271)
Cash used in investing activities		**(9,111)**		(5,495)

In the first quarter of 2011, the Corporation invested $5.4 million in property plant & equipment to upgrade and enhance its capabilities for current and future programs

Financing Activities

Expressed in thousands of dollars		Three-month period ended March 31 2011		2010
Decrease in bank indebtedness	**$**	**(423)**	$	(7,998)
Increase (decrease) in debt due within one year		**3,758**		(3,785)
Decrease in long-term debt		**(2,182)**		(1,052)
Increase in long-term debt		**1,167**		-
Decrease in long-term liabilities		**(337)**		(168)
Increase in borrowings		**716**		790
Dividends on Preference Shares		**-**		(400)
Cash provided by (used in) financing activities		**2,699**		(12,613)

On April 29, 2011 the Corporation amended and restated its credit agreement with its existing lenders and has extended the loan [originally $65.0 million, $44.5 million as at March 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 will be 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 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] 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 $4.0 million of the Preference Shares on April 30, 2011, and, subject to such limitations under the operating credit facility, applicable laws and board approval, the Corporation intends to retract the remainder of the Preference Shares on June 10, 2011.

In addition, the extension and restatement of the Original Loan outstanding as at March 31, 2011 in the principal amount of $44.5 million from Edco, which is wholly owned by the Chairman of the Board of the Corporation, was completed. 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 month period ended March 31, 2011 the Corporation repaid $1.5 million of the Original Loan.

DERIVATIVE CONTRACTS
The Corporation has entered into foreign forward exchange contracts to mitigate future cash flow exposures in US dollars. 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. As at March 31, the Corporation has foreign exchange contracts outstanding as follows:

	Amount	Floor	Ceiling
Maturity – less than 1 year – US dollar	875	1.0202	1.1236
Maturity – less than 1 year – US dollar	875	1.0301	1.1111
Maturity – less than 1 year – US dollar	13,500	1.0354	1.1111

The fair values of the Corporation’s forward 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 March 31, 2011.

SHARE DATA

As at May 31, 2011, the Corporation had 18,209,001 common shares outstanding, 800,024 outstanding First Preference Shares Series A convertible into 533,349 common shares and $40.0 million convertible debentures convertible into 40,000,000 common shares. The dilutive weighted average number of common shares outstanding, resulting from the potential common shares issuable on the conversion of the convertible debentures, for the three month period ending March 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, 2010 and to the information under “Risks Inherent in Magellan’s Business” in the Corporation’s Annual Information Form for the year ended December 31, 2010, which has been filed with SEDAR (www.sedar.com).

CHANGES IN ACCOUNTING POLICIES

Transition to and initial adoption of IFRS
Starting January 1, 2011, the Corporation is applying IFRS as issued by the International Accounting Standards Board [“IASB”]. The preparation of the unaudited interim consolidated financial statements for the three-month period ending March 31, 2011 includes the initial adoption of accounting policies under IFRS which are different than the accounting policies used to prepare the most recent annual consolidated financial statements prepared under Canadian generally accepted accounting principles [“Canadian GAAP”].

The accounting policies as set out in note 2 to the unaudited interim consolidated financial statements for the three-month period ended March 31, 2011 have been applied consistently to all periods beginning on or after January 1, 2010 presented in these financial statements. Comparative information for the three-month period ended March 31, 2010 and financial statements for the year ended December 31, 2010, have thus been adjusted from amounts previously reported under

Canadian GAAP. They also have been applied in preparing an opening IFRS balance sheet at January 1, 2010 for the purpose of the transition to IFRS, as required by IFRS 1, First-time Adoption of International Financial Reporting Standards.

A reconciliation of previously reported periods in accordance with Canadian GAAP to IFRS, as well as an explanation of how the transition from Canadian GAAP to IFRS has affected the Corporation's financial position, financial performance and cash flows are provided in note 16 to the unaudited interim consolidated financial statements.

Impact of IFRS on the Corporation

The conversion to IFRS impacts the way the Corporation presents its financial results. The impact of the conversion to IFRS on the accounting systems has been minimal due to limited changes in accounting policies. The internal and disclosure control processes, as currently designed, have not required significant modifications as a result of conversion to IFRS. The Corporation has assessed the impact of adopting IFRS on its contractual arrangements, and has not identified any material compliance issues. The Corporation has also considered the impact that the transition will have on its internal planning process and compensation arrangements and has not identified any significant issues.

Recent accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the quarter ended March 31, 2011, and have not been applied in preparing these unaudited interim consolidated financial statements. The following standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

International Accounting Standards		**Effective Date**
IAS 12 – Income taxes	In December 2010, IAS 12 Income Taxes was amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes − recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.	January 1, 2012
IFRS 9 - Financial Instruments	In November 2009, as part of the International Accounting Standards Board's (IASB) project to replace International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.	January 1, 2013
IFRS 10 - Consolidation	IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.	January 1, 2013
IFRS 11 – Joint Arrangements	IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures,* and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions.*	January 1, 2013
IFRS 12 - Disclosure of Interests in Other Entities	IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.	January 1, 2013
IFRS 13 – Fair Value Measurement	IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and	January 1, 2013

	disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.	
IAS 27 – Separate Financial Statements	As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	January 1, 2013
IAS 28 – Investments in Associates and Joint Ventures	As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.	January 1, 2013

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Corporation has not been determined.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In the 2010 annual audited consolidated financial statements and management's discussion and analysis, the Corporation identified the accounting policies and estimates are critical to the understanding of the business and results of operations. With the adoption of IFRS, critical accounting policies and estimates have been updated to conform with this adoption. Please refer to note 2 to the unaudited interim consolidated financial statements for the three-month period ended March 31, 2011 for a detailed discussion regarding the significant accounting policies and application of critical accounting judgments, estimates and assumptions.

CONTROLS AND PROCEDURES

Based on the current Canadian Securities Administrators (the "CSA") rules under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer (or individuals performing similar functions as a chief executive officer or chief financial officer) are required to certify as at March 31, 2011 that they are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting.

Management does not expect disclosure controls and procedures and internal control over financial reporting to prevent all errors, misstatements or fraud. In addition, internal control over financial reporting that management has designed and established may be circumvented and rendered ineffective as a result of unauthorized acts of individuals through collusion or management override. A system of control, no matter how well conceived and operated, can provide only reasonable, but not absolute, assurance that control objectives are met. Due to the inherent limitations in a system of control, there is no absolute assurance that all controls issues, which may result in errors, misstatements, or fraud, can be prevented or detected. The inherent limitations include, amongst other things: (i) management's assumptions and judgements could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of isolated errors; (iii) assumptions about the likelihood of future events.

No changes were made in the Corporation's internal control over financial reporting during the Corporation's most recent interim period, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

OUTLOOK

The global economy continues to show progress in most regions, with signs of stability and growth gradually prevailing over the economic challenges of the past two to three years. Large economies, such as Europe and the United States, appear to be dealing with the remaining problem areas, and growth in various stronger regions is becoming more pronounced. The growth in China and India has regained its velocity, and Asia is likely to be a major consumer of goods and services going forward. This is particularly the case in the aerospace industry, and this consumption will include both importing and internal growth. The global defence market is still dominated by the United States and Europe, but is coming under some restraint in both regions. This downward pressure is expected to mark most of this decade, and may not be fully replaced with exports. However, specific programs with new technology will continue to be funded and produced in larger numbers at the expense of older products.

The Corporation is focused on the transition to the future state of aerospace industry technology that began as much as five years ago, in both the commercial and defence sectors of the industry. The current efforts are focused on the introduction and ramp up of production for the commercial airliner programs, and the related engines, of Airbus, Boeing and Bombardier. Equally, the rate of advancement towards full production is accelerating for the Joint Strike Fighter Program, with low rate production quantities planned to double each year through the next five years. Full scale production is targeted to be achieved in 2016 by the current plan.

The introduction of new technology and equipment is proceeding apace with the rising quantity demands, and the costs associated provide a natural hedge to reduce currency rate impacts. The new programs, equipment, training and increase in knowledge serve to move the Corporation to a new level of capability, and to refresh and invigorate the personnel of the Corporation. But over and above new equipment and facilities, the Corporation has been able to lead change in methodologies and management techniques that have generated ongoing cost reductions and created new efficiencies.

Global demand for commercial airliners has resulted in both Airbus and Boeing announcing a series of production rate increases during the period of 2011 to 2012. These increases apply primarily to the A320 and B737 families of aircraft, but also to the current twin-aisle A330 and B777 models. New twin-aisle aircraft are planned to enter into service in 2011, with additional models reaching production over the next several years. Within ten years, new designs of current aircraft will be underway, introducing additional environmental and efficiency gains.

The Corporation's industrial power generation project in Ghana is proceeding and has increased in scope. The customer has confirmed their intention to accept the additional work statement and financing is expected to be in place shortly. Until such financing is in place, the Corporation will not record revenue for the additional work and will continue to account for the related costs in inventory. Additional opportunities continue to emerge that the Corporation will assess and act on accordingly.

The strategy of positioning the Corporation to enter new aircraft and engine programs during the development phase has been effective in capturing appropriate work packages and building the technological capabilities for production. It has moved the Corporation upward in the global supply chain, and helped it to transition to higher technology and complexity. As new programs are initiated by the prime contactors, the Corporation will continue to assess each opportunity, and move to capture those best for the Corporation.

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 Management and Discussion Analysis contain 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.