MAGELLAN AEROSPACE CORPORATION

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2019

MARCH 6, 2020

TABLE OF CONTENTS

ADVISORY

In the interest of providing the shareholders and potential investors of Magellan Aerospace Corporation ("Magellan", or the "Corporation") with information regarding the Corporation, including management's assessment of the Corporation's future plans and operations, this Annual Information Form and certain documents incorporated by reference into this Annual Information Form, contain forward looking information that represents the Corporation's internal projections, expectations, estimates or beliefs concerning, among other things, future operating results and various components thereof or the Corporation's future economic performance. These statements relate to future events or Magellan's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seeks", "anticipates", "budgets", "plans", "continues", "estimates", "expects", "forecasts", "may", "will", "projects", "predicts", "potential", "targeting", "intends", "could", "might", "should", "believes" and similar expressions.

These statements may appear under the following headings: *"General Development of the Business"* as to, the quantity of certain products the Corporation expects to be delivered pursuant to certain contracts, potential revenues and timing of receipts thereof under certain contracts, the investments in certain technologies that the Corporation intends to make, the duration of certain contracts, the expected timing of the commencement or completion of certain projects and other matters; and *"Narrative Description of the Business"* as to outlook for the aerospace industry, supply and demand for products and services in the aerospace industry, and projections of market prices and costs, treatment under governmental regimes and future business opportunities for Magellan; and *"Risks Inherent in Magellan's Business"* as to expectations regarding the ability to raise capital, capital expenditure programs and expectations regarding foreign exchange fluctuations and changes to interest rates. The projections, expectations, estimates, assumptions and beliefs contained in such forward looking statements necessarily involve known and unknown risks and uncertainties which may cause the Corporation's actual performance and financial results in future periods to differ materially from any projections, expectations, estimates, assumptions and beliefs of future performance or results expressed or implied by such forward looking statements. These risks, assumptions and uncertainties include, among other things, such risks, assumptions and uncertainties described in this Annual Information Form and in documents incorporated by reference into this Annual Information Form and the Corporation's other reports and filings with the Canadian securities authorities. Magellan believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in, or incorporated by reference into, this Annual Information Form should not be unduly relied upon. Any of these statements are made as at the date of this Annual Information Form or as at the date specified in the documents incorporated by reference into this Annual Information Form, as the case may be. Accordingly, shareholders and potential investors are cautioned that events or circumstances could cause actual results to differ materially from those predicted. The actual results could differ materially from those results anticipated in these forward-looking statements as a result of the risk factors set forth below or elsewhere in this Annual Information Form:

- the state of the North American, European and Asian economy in general and the aerospace industry in particular;
- Political uncertainty and instability;
- cancellations, reductions or delays in customer orders;
- competition for, among other things, capital, and supply contracts;
- foreign exchange fluctuations;
- the expectations of customer unit deliveries not being achieved;
- the inability of the Corporation to successfully compete in competitive bidding processes;
- the loss of one of the Corporation's key customers;
- the inability of the Corporation to keep pace with technological developments in its industry;
- the expectations of anticipated return on capital commitments not being achieved;
- the inability of the Corporation to obtain and maintain key supplier status with original equipment manufacturers;
- fluctuations in availability and prices of raw materials;
- the inability to renegotiate agreements with labour unions and the impact of any potential labour disruptions resulting therefrom;
- reductions in defence spending by domestic and foreign governments;

- the consequences of downturns in the domestic and global economies;
- the inability to make future dividend payments due to factors not within the control of the Corporation;
- the costs of complying with new or more stringent governmental regulation;
- the exposure to information technology risk;
- the level of indebtedness or inability to refinance indebtedness;
- the inability to obtain additional financing when needed on acceptable terms;
- interest rate fluctuations;
- the impact of potentially volatile capital markets on the Corporation's financial results;
- exposure to environmental liabilities;
- changes in estimates used in accounting for long term contracts;
- the inability of the Corporation to successfully negotiate long-term contracts;
- unforeseen costs associated with warranty claims;
- competition for skilled personnel; and
- the Corporation's risk management strategy may not be effective.

For additional information see *"Risks Inherent in Magellan's Business"* in this Annual Information Form.

The actual results could differ materially from those results anticipated in these forward-looking statements as a result of the assumptions set forth below and elsewhere in this Annual Information Form being incorrect:

- foreign exchange rates;
- the continuance of current tax, environmental and other laws;
- the continuance of contracts to manufacture goods and the customers' delivery projections and Magellan's relationship with certain of its key customers;
- inflation rates in the jurisdictions where Magellan conducts its business;
- the success in improving results at underperforming business units;
- no labour disruptions during the year; and
- interest rates incurred on the Corporation's borrowing facility and any future indebtedness.

Readers are cautioned that the foregoing lists of risks factors and assumptions are not exhaustive. The forward-looking statements contained in this Annual Information Form and the documents incorporated by reference herein 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. In particular, the Corporation has not adjusted or revised any forward-looking statements in this report to account for the potential disruption to its business from the recent novel coronavirus (“coronavirus”) outbreak, the impact from which is not immediately known or quantifiable. The Corporation assumes no future obligation to update these forward-looking statements except as required by law.

In this Annual Information Form, reference is made to EBITDA (defined as net income before interest, income taxes, depreciation and amortization), which the Corporation considers to be an indicative measure of operating performance and a metric to evaluate profitability. EBITDA is not a generally accepted earnings measure and should not be considered as an alternative to net income (loss) or cash flows as determined in accordance with IFRS. As there is no standardized method of calculating this measure, the Corporation’s EBITDA may not be directly comparable with similarly titled measures used by other companies.

Unless otherwise specified in this Annual Information Form, the information set out herein is presented as at December 31, 2019.

All dollar amounts in this Annual Information Form are expressed in Canadian dollars unless specifically designated to be in United States dollars or British pounds.

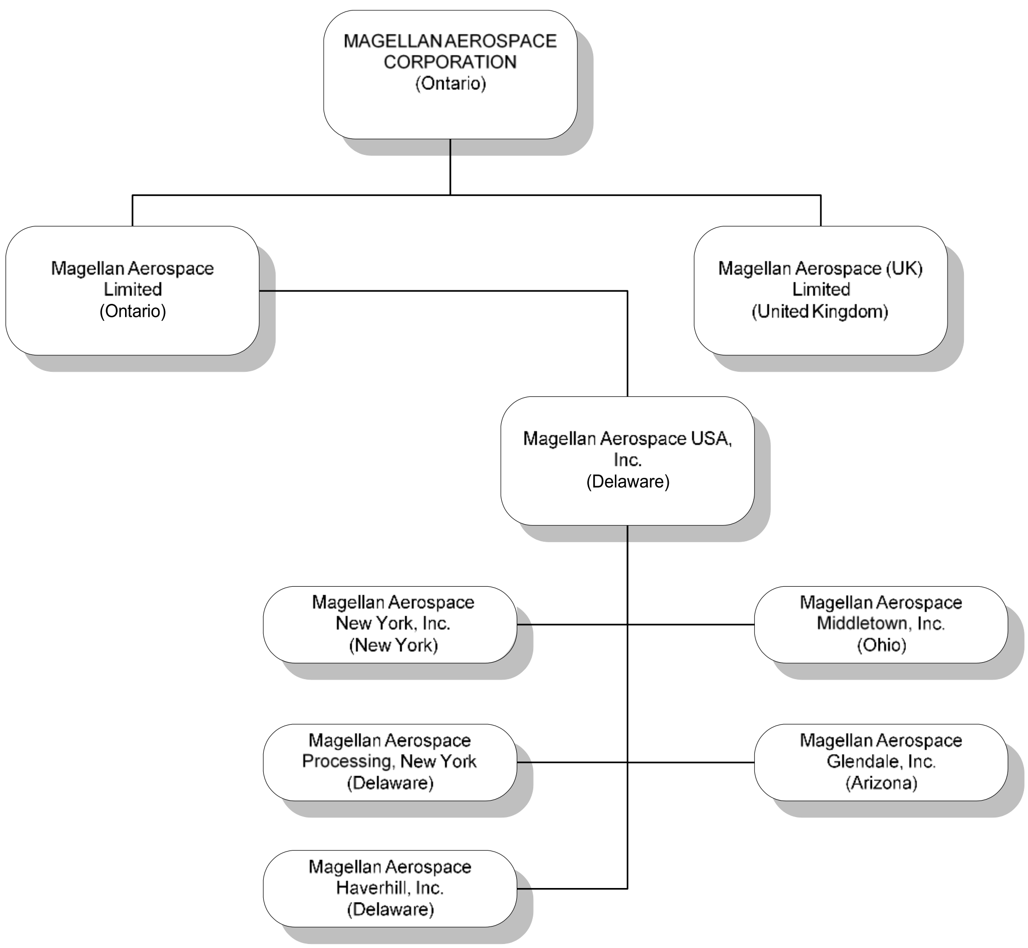
THE CORPORATION

Incorporation of the Issuer

Magellan Aerospace Corporation was incorporated on February 15, 1996 under the *Business Corporations Act* (Ontario). The Corporation's registered office and head office is located at 3160 Derry Road East, Mississauga, Ontario, L4T 1A9.

Corporate Structure

The following chart shows Magellan's material subsidiaries and their respective holding companies, all wholly owned, directly or indirectly, and their respective jurisdiction of incorporation as at December 31, 2019. Certain subsidiaries whose total assets did not represent more than 10% of the Corporation's consolidated assets or revenue did not represent more than 10% of the Corporation's consolidated revenues as at or for the year ended December 31, 2019, have not been explicitly outlined in the following chart. The Corporation's consolidated financial statements for the year-ended December 31, 2019 have been filed on SEDAR (www.sedar.com).



GENERAL DEVELOPMENT OF THE BUSINESS

Business Matters

The following comprises a description of the development of the Corporation's business over the last three completed financial years.

2017

On February 3, 2017**,** Magellan announced a contract award from Public Services and Procurement Canada ("PSPC") for engine repair and overhaul and fleet management services on the F404 engine that powers Canada's fleet of CF-188 Hornet aircraft. The contract commenced in January 2017 and work will be carried out until the terms expire at the end of March 2021. A preliminary funding amount of $45 million has been approved to launch this multi-year agreement. The contract includes options to extend the duration of the agreement beyond 2021, based on performance. Magellan will service the F404 engines at its facility in Mississauga, Ontario and at Royal Canadian Air Force ("RCAF") bases located in Bagotville, Quebec and Cold Lake, Alberta.

On February 14, 2017, the Corporation announced plans to construct a new manufacturing facility in India. The new 140,000 square foot building will be constructed on seven acres in Hitech Defence and Aerospace Park (Aerospace SEZ Sector) in Devanahalli, Bengaluru, near the Bangalore International Airport, already an established presence in India's aerospace sector for more than a decade. The Corporation will invest more than $28 million in this state-of-the-art manufacturing and assembly plant, which will be constructed in two phases. An announcement was made on November 15, 2017 that Magellan had hosted a traditional ground-breaking ceremony for the Corporation's new manufacturing and assembly facility in India. The plant will employ approximately 120 high technology and support positions, and will be equipped with a comprehensive range of high speed 4 and 5-axis machining centres, selected to optimize manufacturing efficiency.

An announcement was made on March 8, 2017 about an agreement between Magellan and Airbus for the supply of complete crown module assemblies for all variants of the A350 XWB aircraft. This contract extension, valued at approximately $140 million, will see the provision of complex assemblies from Magellan facilities in the United Kingdom, Poland and India to the Airbus assembly lines in Germany and France.

Magellan announced on April 3, 2017 the sale of the land and building of its Mississauga facility. The sale generated net cash proceeds of approximately $32.7 million. Magellan leased a new facility constructed by the buyer on the existing site. The facility rationalization is being driven by the need to improve Magellan's manufacturing efficiencies, operational performance, profit margins and cash flow. The move to the newly constructed facility was completed and operational in December 2019.

On September 20, 2017, the Corporation announced that it was selected by Airbus to provide exhaust systems for the A320neo PW family of aircraft. Magellan will design, develop and manufacture exhaust systems for the A320neo PW1100G-JM nacelle with the first unit scheduled to enter into service in 2022. Revenue generated from this life-of-program contract is estimated to exceed $200 million over the first ten years of the contract. The fabricated metallic exhaust systems will be produced at Magellan's North American facilities in Winnipeg, Manitoba and Middletown, Ohio and will be delivered directly to Airbus assembly lines across the globe.

2018

Magellan announced on January 22, 2018 that it had delivered the first of three Power Control Units ("PCU's") for a planned space mission. In 2016, Magellan was selected by the Laboratory for Atmospheric and Space Physics at the University of Colorado in Boulder, Colorado to provide satellite technology for a future Deep Space Interplanetary Mission. Under the contract, Magellan's facility in Winnipeg, Manitoba will deliver three PCU's and subsystems for three jointly developed Control and Data Handling ("C&DH") units. Magellan will provide its flight-proven PCU's and C&DH subsystems that utilize expertise developed by Magellan for past and current Canadian Space Agency missions.

On February 22, 2018, Magellan and Robinson Helicopter Company ("Robinson") announced that a Wire Strike Protection System™ ("WSPS™") was available for the Robinson R66 helicopter platform. The WSPS™ is designed to provide a measure of protection for helicopters in level flight in the event of an encounter with horizontally strung wires and cables, using the concept of guiding wires over the fuselage into high tensile cutting blades. The R66 WSPS™ is comprised of upper cutter, lower cutters and a windshield detector. Magellan's WSPS™ R66 platform is available as a field kit option for all R66 helicopters.

The Corporation announced on April 19, 2018 that it had secured a 5-year agreement with Airbus to supply wing ribs for the A330 aircraft. Magellan will manufacture ribs 2 through 5, the largest ribs in the skeletal structure of the aircraft wing. Revenue generated from production of these wing ribs is estimated to exceed $48 million over the term of the contract. These ribs will be produced by Magellan's facilities in the United Kingdom for the Airbus wing assembly facility.

On April 24, 2018, Magellan reported that it had signed a 5-year agreement with an undisclosed commercial aeroengine customer to manufacture complex magnesium and aluminium castings and finished, machined engine shafts for gas turbine engines. The castings will be produced by Magellan's facilities in Haley, Ontario and Glendale, Arizona, and Magellan's facility in Haverhill, Massachusetts will manufacture the engine shafts. The new agreement is expected to generate approximately $53 million in revenue for Magellan through 2023.

On April 30, 2018, the Corporation announced that a number of major contract extensions and new awards were made by The Boeing Company ("Boeing") to Magellan. Multi-year contract renewals were agreed to for the manufacture of titanium wing fittings for the Boeing 787 Dreamliner and the detail manufacture and assembly of the tanker door for the Boeing 767-2C aircraft. In addition, Magellan was also awarded a new multi-year contract to manufacture winglet components for the Boeing 737 MAX. The components and assemblies associated with these multiple contracts will be delivered from Magellan's facilities in New York, New York and Middletown, Ohio.

Magellan announced on May 11, 2018 the funding of $625,000 for an Industrial Research Chair in the area of satellite development and a further $120,000 contribution towards a second Chair for Design Engineering, both at the University of Manitoba ("UofM"). Magellan's Winnipeg division and the UofM have a long and established collaboration and a shared vision to establish a world-leading space capability in Manitoba at the university. The research and development activities of these Chairs are fully funded by industry sponsor(s), the UofM and the Natural Sciences and Engineering Research Council.

On May 22, 2018 the Corporation reported that it had signed an agreement with Hamilton Sundstrand Corporation, a UTC Aerospace Systems Company ("Hamilton Sundstrand"), to manufacture complex magnesium and aluminium castings for various military and commercial aerospace platforms. The castings will be produced by Magellan's facilities in Haley, Ontario and Glendale, Arizona. This new long-term agreement with Hamilton Sundstrand provides the framework for a new level of strategic alignment with Magellan; in addition to the F-15, F-16 and F-18 for Hamilton Sundstrand's current fighter engine platforms, the agreement also encompasses the production of castings to support the JSF, PW1100, A320, 787 and 777 programs.

On August 13, 2018 Magellan made an announcement of the signing of a six year agreement with Pratt & Whitney to manufacture aluminum castings for their Next Generation Product Family of engines, powering the Airbus A320neo, Airbus A220 (formerly known as Bombardier C-Series), Embraer E2 series and Mitsubishi MRJ aircraft. The castings will be produced at Magellan's facilities in Haley, Ontario and Glendale, Arizona. The agreement is expected to generate approximately $81 million in revenue for Magellan through 2023.

Magellan and Aeromet International Ltd. ("Aeromet") announced on October 15, 2018 that Magellan's Haley, Ontario site has joined a global network of foundries licensed to manufacture cast parts using the advanced A20X™ aluminium alloy. Developed and patented by Aeromet in the UK, A20X™ is the world's strongest aluminium casting alloy and is used in aerospace, defence and space applications by major original equipment manufacturers ("OEMs").

The Corporation announced on October 17, 2018 the completion of all hardware deliveries to Macdonald, Dettwiler and Associates Ltd. ("MDA"), for the RADARSAT Constellation Mission ("RCM") being built for the Canadian Space Agency. In late September 2018, the Multi-Layered Insulation blankets were installed on the final satellite bus, marking the completion of this major contractual milestone. These thermal blankets for the spacecraft prevent it from freezing while in space. Over the course of the RCM program Magellan has delivered three satellite buses, three payload module structures, as well as associated software, ground support equipment and launch vehicle adaptors to MDA. Magellan is under contract by MDA to manufacture these assemblies for the Canadian Space Agency's RCM program, a three-satellite constellation that will provide around-the-clock C-band synthetic aperture radar data to support maritime surveillance, disaster management and ecosystem monitoring for Canada and its surrounding Arctic, Pacific and Atlantic maritime areas.

On November 5, 2018 Magellan announced it had extended its agreement with Airbus for a further six years for the manufacture of A350 XWB centre wing box and keel beam detail parts. It is estimated that revenue generated from this work package will exceed $140 million dollars over the term of the contract. The package consists of a number of large structural, machined components, and will be manufactured by Magellan's facilities in the United Kingdom and supplied to the Airbus assembly facility in Nantes, France.

2019

The Corporation announced on February 19, 2019 the opening of its new manufacturing and assembly facility in India. The 100,000 square foot Magellan Aerospace (India) Pvt. Ltd. facility, constructed on seven acres in Hitech Defence and Aerospace Park (Aerospace SEZ Sector) in Devanahalli, India, near the Bangalore International Airport, was completed at the end of 2018 and the process of installing and commissioning of the high speed machining centres is underway. Magellan's new cellular machining and assembly plant will specialize in high speed milling and turning of aerostructure and aeroengine components produced from both aluminium and hard metal materials. Combined with comprehensive processing and hard metal machining capabilities from Magellan's two longstanding joint ventures in India, API Surface Treatments and Triveni Aeronautics Pvt. Ltd. ("Triveni"), Magellan will be one of the largest suppliers of "Make in India" manufactured commercial aircraft components.

On February 20, 2019 Magellan announced it increased its investment in Triveni to 75%. Triveni specializes in hard metal machining of aeroengine and aerostructure components. Magellan's investment in Triveni commenced in 2013 when it acquired a 49% share of the business.

Magellan announced on March 15, 2019 three five-year agreements valued at $48 million in aggregate, with the Canadian government to perform the licensed manufacture of LUU-2 Illumination flares for the RCAF. Magellan-produced flares will be delivered from the Magellan's propellant plant, located near Winnipeg, Manitoba.

On April 12, 2019 Magellan announced an agreement with Atlas Elektronik Canada for the design and development phase of the SeaSpider® Anti Torpedo Torpedo ("ATT") program. The initial $19 million phase of the program was launched in January 2019 and is expected to conclude in 2023. Magellan will lead the design and development of the SeaSpider® ATT rocket motor and warhead section of the torpedo that includes design, build, test and production qualification.

The Corporation announced on April 24, 2019 a multi-year agreement with Boeing to manufacture 777X control surface ribs in support of Boeing's Focused Factory initiative. Work will begin at its United Kingdom facility and later transition to a new factory in Bangalore, India. Boeing's Focused Factory initiative is the aggregation of products grouped by commonality and forecasted demand. The product groups utilize similar technologies and aggregating the products creates economies of scale that deliver lower cost, improved quality, and delivery efficiencies.

On April 29, 2019 Magellan announced agreements with an undisclosed customer for the supply of complex fabricated engine front frames for a commercial platform, to be manufactured at Magellan's facility in Winnipeg, Manitoba, and critical rotating engine shafts for a dual use platform to be manufactured at Magellan's facility in Haverhill, Massachusetts. The agreements are valued at approximately $45 million with delivery over the course of the next three years.

Magellan announced on May 14, 2019 that it will continue producing F-35 Lightning II ("F-35") horizontal tail assemblies under an agreement with BAE Systems. This agreement represents the continuation of contract awards for three additional years. With the additional quantities awarded, Magellan will now produce more than double the horizontal tails produced thus far for the global F-35 program. Annual deliveries will ramp up to 60 per year within the three year period. Magellan, through its operations in Winnipeg, Manitoba, and BAE Systems have been working together to produce horizontal tails for the global F-35 program for more than a decade.

On June 12, 2019 Magellan congratulated the Canadian Space Agency ("CSA") on the RCM Mission that was launched successfully from Vandenberg, California aboard a SpaceX Falcon 9 rocket. The three identical RCM satellite buses were built by Magellan under subcontract to MDA, the prime contractor for RCM.

The Corporation announced on November 7, 2019 that it completed the acquisition of 100% of the outstanding shares of Service Inter Industrie (“SII”), an aerospace component supplier based in Marignane, France. SII specializes in precision machining of critical components used in the manufacture of civil and military helicopters as well as components for the fixed wing commercial and defense aerospace markets. SII is in close proximity to its major customers, whom it serves for the serial production as well as maintenance, repair and overhaul services on select parts. The acquisition of SII provides a new growth vehicle for Magellan and is its first business acquired in France, close to major Airbus operations.

2020

Magellan announced on January 13, 2020 an agreement with Collins Aerospace Systems for the supply of nose landing gear assemblies for the B737 aircraft. The assemblies comprised of complex machined titanium components will be delivered through 2024 from Magellan’s facility in Kitchener, Ontario. In order to provide the best solution for Collins Aerospace Systems, Magellan’s vertically integrated deliverable will utilize its global resources in Ontario, New York, India, and Poland.

Financing Matters

On September 13, 2018 the Corporation entered into the Bank Credit Facility Agreement (as defined under “*Borrowings - Bank Credit Facility*”), with a syndicate of lenders. The Bank Credit Facility Agreement provides for a multi-currency global operating credit facility to be available to Magellan in a maximum aggregate amount of $75 million. The Bank Credit Facility Agreement also includes a $75 million uncommitted accordion provision, which provides Magellan with the option to increase the size of the operating credit facility to $150 million. Under the terms of the Bank Credit Facility Agreement, the operating credit facility expires on September 13, 2021. Any extensions of the operating credit facility are subject to mutual consent of the lenders and the Corporation.

Significant Acquisitions

During the year ended December 31, 2019, the Corporation did not complete any acquisitions that would be considered “significant” for purposes of National Instrument 51-102 – *Continuous Disclosure Obligations*.

NARRATIVE DESCRIPTION OF THE BUSINESS

Industry Overview

The aerospace supplier industry differs from traditional manufacturing industries in a number of material respects. An aerospace manufacturer develops relatively small quantities of highly specialized products on a contract basis. Accordingly, an aerospace manufacturer is more like a contractor, hired to complete a very customized and specialized project to the specifications of a customer. The up-front costs in developing such products that are incurred prior to the completion of the first production unit can be significant. Up-front costs generally include engineering, design and manufacture of tooling, and test units required for certification. These up-front costs of developing products are typically borne by the manufacturer and are recovered when the project reaches the production phase, usually on an amortization basis over the projected program life. See "*Risks Inherent in Magellan's Business – Customer unit deliveries may not reach the number projected when the basis for amortization of non-recurring costs is established”*.

The business carried on by the Corporation involves firm contracts generally having terms of between three to ten years. Component products and systems supplied are related to end-product sales by the Corporation's customers, and in accordance with industry practice, are generally subject to termination, modification or reduction at the option of the Corporation's customers. However, if a program is terminated, the terms of some of the underlying contracts provide that the Corporation will be reimbursed for its allowable costs incurred to the date of termination plus any proportionate amount of profits attributable to the work actually performed. Products that are delivered directly to the end-user generally involve contracts for specific quantities over specific time periods, and are less likely to experience variations to the terms.

Many new aircraft and aircraft engine programs require that major suppliers become risk-sharing partners, meaning that the cost of design, development and engineering work associated with the development of the aircraft or the aircraft engine is partially born by the supplier, usually in exchange for a life-time agreement to supply those critical parts once the aircraft or the aircraft engine is in production. In the event that the aircraft or the aircraft engine fails to reach the production stage, inadequate numbers of units are produced, or actual sales otherwise do not meet projections, the Corporation may incur significant costs without any corresponding revenues. See "*Risks Inherent in Magellan's Business - Most of the Corporation's contracts are subject to competitive bidding. If the Corporation is unable to successfully compete in the bidding process, the Corporation's results of operations could suffer*".

The aerospace industry is highly regulated in most countries, including Canada, the United States and the United Kingdom, by specialized government agencies. The Corporation must be certified in such jurisdictions and, in some cases, also by individual original equipment manufacturers in order to engineer and service parts and components used in specific aircraft models. See "*Risks Inherent in Magellan's Business – The Corporation may incur significant expenses to comply with new or more stringent governmental regulation*".

Business Overview

Magellan is a diversified supplier of components to the aerospace industry. Through its wholly-owned subsidiaries, Magellan engineers and manufactures aeroengine and aerostructure components for aerospace markets, including advanced products for defence and space markets and complementary specialty products. The Corporation also supports the aftermarket through the supply of spare parts as well as through repair and overhaul services.

The Corporation's principal strategy is to focus on selected core competencies within the aerospace industry where those competencies are critical to meeting customer needs. These include precision machining of a wide variety of aerospace metal alloys, composites, the design and manufacture of aircraft structural components, complex high technology magnesium and aluminium alloy castings, integration of complex assemblies, and engine repair and overhaul technologies.

The Corporation supplies design engineering and aerostructures products to international customers in the commercial and defence markets. Components are manufactured to aerospace tolerances using conventional and high-speed automated equipment. Capabilities also include precision casting of engine and airframe mounted components. Within the aeroengines product grouping, the Corporation manufactures complex cast, fabricated and machined gas turbine engine components, both static and rotating, and integrated nacelle components, flow paths and engine exhaust systems for some of the world's leading aeroengine manufacturers. The Corporation also performs repair and overhaul services for jet engines and nacelle components. The Corporation also supplies systems and design engineering to develop and sell proprietary space and rocket motor systems to a global customer base. Management believes that Magellan's alignment with its customers and the Corporation’s dedication to technological innovation combined with low cost sourcing from emerging markets has positioned Magellan to capture targeted complex assembly programs.

Locations and Core Capabilities

The Corporation believes that the available capacity at its facilities is sufficient to meet its current and anticipated manufacturing requirements as indicated by contract requirements and current growth trends in the industry. The following table sets out the locations of Magellan's primary subsidiaries, controlled entities and divisional sites:

Location	Approximate Size	Core Capabilities
Canada		
Winnipeg, Manitoba	92,900 square meters	Manufacture of composite structures and engine components for aircraft Manufacture of rocket systems, satellites and other proprietary products
Kitchener, Ontario	7,500 square meters	Machining and assembly of medium and large aerospace components
Haley, Ontario	27,300 square meters	Production of precision magnesium and aluminium castings for the aerospace industry
Mississauga, Ontario	21,200 square meters (refer to discussion in Business Matters)	Manufacture of components for commercial, regional and military jet engines Repair and overhaul of military aircraft engines Manufacture, repair and overhaul of gas turbine and other industrial components
United States		
Middletown, Ohio	17,700 square meters	Manufacture of jet engine nacelle, exhaust components and heat-resistant space products
Queens, New York Suffolk County, New York	8,200 square meters 13,200 square meters	Manufacture and assembly of complex components and sub-assemblies for commercial and military aircraft and helicopters
Long Island, New York	7,440 square meters	Metal finishing treatment services and non-destructive testing for aerospace products
Haverhill, Massachusetts	10,400 square meters	Manufacture of critical rotating and non-rotating engine components for commercial and military use
Glendale, Arizona	23,690 square meters	Production of precision small to medium magnesium and aluminium castings for the aerospace industry

Location	Approximate Size	Core Capabilities
Europe		
Wrexham, United Kingdom	23,782 square meters	Precision machining and assembly of commercial aerospace products and metal finishing treatment services for aerospace products
Bournemouth, United Kingdom	8,370 square meters	Precision machining and assembly of commercial aerospace products and metal finishing treatment services for aerospace products
Blackpool, United Kingdom	5,675 square meters	Precision machining of commercial and defence aerospace products
Greyabbey, United Kingdom	5,500 square meters	Precision machining of commercial and defence aerospace products
Lancashire, United Kingdom	7,305 square meters	Supply and overhaul of aircraft and helicopter engines and airborne ancillary power units, the provision of aircraft engineering and design consultancy, engine sales, exchange and leasing services
Mielec, Poland	8,700 square meters	Precision machining of commercial aerospace products and metal finishing treatment services for aerospace products
Marignane, France	5,000 square meters	Precision machining of commercial and defence aerospace products
Asia *(refer to discussion in Business Matters)*		
Devanahalli, Bengaluru, India	6,700 square meters	Precision machining and assembly of commercial aerospace products
Antharasanahalli, Tumakuru, India	2,325 square meters	Precision machining and assembly of commercial aerospace products

Production and Services

Magellan is a diversified supplier of components to the aerospace industry. Through its wholly-owned subsidiaries and controlled entities, Magellan designs, engineers and manufactures aeroengine and aerostructure components for aerospace markets, including advanced products for defence 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. The Corporation relies on a mix of commercial and defence aerospace programs.

Specialized Skill and Knowledge

Specialized skills and knowledge are required by the Corporation to compete in the aerospace industry. These include skills required to perform precision machining of a wide variety of aerospace materials, to manufacture and assemble aerostructures, to assemble complex engine components, to manufacture highly complex magnesium and aluminium alloy castings, to perform repair and overhaul of engines and associated components and to design certain aerospace structures. The Corporation also invests in leading technologies in order to advance its capabilities and to maintain a competitive advantage. See *"Risks inherent in Magellan's Business – The Corporation may need to expend significant capital to keep pace with technological developments in its industry."* and *"Risks inherent in Magellan's Business - Competitive market for skilled labour may adversely impact the Corporation's operations".*

Competitive Conditions

Competition for airframe and engine components and assemblies comes primarily from companies in North and South America, Asia and Europe. The competitive landscape is continually changing as mergers and acquisitions shift market advantage from one manufacturer to another. Such changes influence customer's make/buy decisions and their vertical integration strategies. Changes in these strategies are typically cyclical and dependent upon market conditions. As a result, the Corporation strives to continually align its strategies with the changing marketplace and develop relationships with its most important customers based on the value it can provide. See "*Risks Inherent in Magellan's Business – Competitive Pressures may adversely affect the Corporation"*.

Raw Materials and Components

The Corporation is continuing its efforts to utilize the buying power of its customer base, where possible, in order to reduce or minimize the increase in cost of bought-in materials and parts. While raw materials such as aluminium and titanium are typically supplied on long-term agreements, in general, supply and costs are somewhat out of the Corporation's control. Magellan procures raw materials and components necessary to fulfill contractual requirements at competitive prices from the global marketplace. To the extent possible, Magellan includes price escalation formulas and other clauses in contracts with its customers to share the risk of price increases in, or lack of availability of, raw materials and components. See "*Risks Inherent in Magellan's Business – Fluctuations in availability and prices of raw materials used in production may adversely impact the financial results of the Corporation".*

Intangible Properties

At December 31, 2019, the Corporation had $34.1 million of goodwill related to acquisitions. At December 31, 2019, the Corporation had $31.7 million of intangibles related to customer lists, brands, technical processes, and application software. Customer lists are amortized over a 5 year period, technical processes are amortized over a 15 year period, and application software over a 10 year period. Brands of $9.0 million with indefinite useful lives assets are not subject to amortization.

For more information in relation to the Intangible Properties, reference is made to Note 10 of the Corporation's consolidated financial statements for the year ended December 31, 2019 filed on SEDAR at www.sedar.com, which note is incorporated by reference into this Annual Information Form.

Markets and Economic Dependence

The outlook for commercial aerospace continues to be positive although the air traffic growth rate slowed in 2019 for the first time in 10 years. Since single-aisle aircraft represent the largest segment within the commercial aerospace market, the timing of Boeing's 737 MAX return-to-service and production restart is an important factor in the overall outlook. In December 2019 Boeing announced it would halt production of the 737 MAX as of January 2020. This could have wide-ranging adverse impacts for Boeing's suppliers depending on the duration of the production freeze. The decision of return-to-service is driven by a number of factors, including the delay in certification of the Boeing 737 MAX, the uncertainty about the timing and conditions of return-to-service, global training approvals, and the importance of ensuring that Boeing can prioritize the delivery of stored aircraft. Currently there is no confirmed timeline for when the 737 MAX will return-to-service.

Additionally, the overall outlook may be impacted by the continuing downward trend of demand for commercial wide-body aircraft. The risk of travel advisories or travel restrictions related to the outbreak of contagious illnesses, such as the coronavirus that is currently impacting China and other geographies, could impact air traffic growth rates and adversely impact the aircraft delivery rates of the Corporation's customers. Conversely, global defence markets are forecast to grow by 3% annually through 2023.

The primary markets for the Corporation's aerospace products are Canada, the United States, the United Kingdom and other parts of Europe. The Corporation serves both the commercial and defence aerospace markets. In 2019, for the Aerospace segment, 68% of revenues were derived from commercial markets (2018 – 69%, 2017 – 73%) while 32% of revenues related to defence markets (2018 – 31%, 2017 – 27%).

In 2019, revenues to the Corporation's principal customers represented approximately 39% of the Corporation's consolidated revenues. Principal customers are customers of the Corporation that individually represented more than 10% of such revenues.

For the year ended December 31, 2019, direct sales to Boeing represented approximately 16% of total Corporation revenues. The Corporation is still evaluating the effects on its revenues and operating results of the production halt of the Boeing 737 MAX and the uncertainty of the production restart date. The Corporation estimates the impact of reduced production on revenues generated from Boeing for 2020 to be between 3% and 6%. Upon the return-to-service of the 737 MAX and depending upon Boeing's ability to ramp back to full production, the Corporation expects that revenues generated and operating results from Boeing would increase back to and remain at approximately the same historical percentages prior to such disruption. In 2019, direct sales to Airbus represented approximately 23% of total Corporation revenues and are expected to remain at approximately the same percentage during the current financial year. See "*Risks Inherent in Magellan's Business – Cancellations, reductions or delays in customer orders may adversely affect the Corporation's results of operations".* And "*Risks Inherent in Magellan's Business - The loss of one of the Corporation's key customers could have a material adverse effect on the Corporation*".

Environmental Matters

Environmental protection requirements

The Corporation's manufacturing activities are subject to environmental laws and regulations associated with risks to the environment and human health in each of Canada, the United States, the United Kingdom and the other jurisdictions in which the Corporation operates. Legislation at country, provincial and state levels provides for restrictions and prohibitions on emissions, discharges and releases of various substances produced in association with manufacturing operations. It is expected legislation will become more stringent and necessitate additional environmental controls. There are several initiatives under review by the Corporation to ensure that it meets new or changing legislated requirements. These initiatives include, but are not limited to, replacement of trichloroethylene used for degreasing, greenhouse gas reduction, toxic reduction planning, improved waste management and water conservation.

Environmental policies and programs

The Corporation's environmental policy affirms its commitment to identify the environmental aspects and impacts of its operations and ensure compliance with all applicable environmental laws and regulations. To this end, each facility of the Corporation has been instructed to establish an environmental management system in accordance with ISO 14001 that provides the framework for setting environmental objectives and targets and establishing environmental programs that are consistent with the Corporation's commitment to prevention of pollution and continual improvement. Appropriate levels of environmental control, including operational controls, documented procedures, training, monitoring and measuring and pollution control equipment are put in place to manage the environmental aspects of the Corporation.

The Corporation's environmental council, comprised of the Vice President, Corporate Stewardship & Operational Excellence and an environmental representative from each of the operating sites, meets regularly to:

- Provide early warning of new or changing legislative requirements,
- Standardize methods based on best practice to better manage environmental risk, minimize waste and identify cost-saving opportunities,
- Improve overall corporate environmental performance, and
- Encourage environmental stewardship amongst its business partners, including suppliers.

See "*Risks Inherent in Magellan's Business – Any exposure to environmental liabilities may adversely affect the Corporation*".

Environmental oversight

The Environmental and Health & Safety Committee ("Committee") of the Board of Directors of the Corporation (the "Board") was established to assist the Board in the review of policies and programs for management of environmental and health and safety matters. The mandate of the Committee identifies the major responsibilities and functions of the Committee as follows:

- Act in an advisory capacity to the Board,
- Assess management's environmental and health and safety policies and practices and ensure that remedial plans and programs are carried out and adequate reserves are in place,
- Oversee the Corporation's performance in environmental and health and safety matters and review management's report on the Corporation's compliance or non-compliance with applicable environmental, health and safety regulatory requirements,
- Monitor trends and review current and emerging policy in the area of environment, health and safety,
- Ensure management's commitment to minimize the impact of the Corporation's businesses on the environment through a program of continual improvement in environmental, health and safety performance, achieved by implementing a feasible and comprehensive environmental, health and safety policy with measurable and achievable targets as resources become available and technology improves, and
- Ensure that processes are in place to annually evaluate the performance of the Committee and its mandate and to report thereon to the Board.

The Committee holds meetings at least annually with a portion of every meeting reserved for in-camera discussion without the President and Chief Executive Officer, or any other member of management being present.

Employees

The Corporation employs over 4,200 employees; of these, approximately 1,600 are unionized and are covered by 16 collective bargaining agreements as of December 31, 2019. The Corporation maintains constructive relationships with its unions and strives to achieve mutually beneficially relationships while maintaining cost competiveness when negotiating extensions of expiry dates or renewals of the collective agreements. The Corporation is currently in negotiations regarding a number of such extensions or renewals and it expects all negotiations will result in extensions of expiry dates, renewals of the agreements or some other mutually satisfactory agreement as applicable. See *"Risks Inherent in Magellan's Business - The agreements with labour unions representing certain of the Corporation's employees are subject to renewal"*.

Foreign Operations

Magellan sells products and services in the global marketplace and has manufacturing facilities in Canada, the United States, Europe and India. See "*Narrative Description of the Business – Markets and Economic Dependence" and* "*Risks Inherent in Magellan's Business - Fluctuations in the value of foreign currencies could result in currency exchange losses*".

Further Information

For more information in relation to the business and development of Magellan, reference is made to the information under "Overview" in Management Discussion and Analysis for the year ended December 31, 2019 which is filed on SEDAR at www.sedar.com and which information is hereby incorporated by reference.

RISKS INHERENT IN MAGELLAN'S BUSINESS

The following risks and uncertainties apply to the Corporation:

Factors that have an adverse impact on the aerospace industry may adversely affect the Corporation's results of operations.

The Corporation's gross profit is derived from the aerospace industry. The Corporation's aerospace operations are focused on engineering and manufacturing aircraft components for new manufactured aircraft, and selling spare parts and performing repair and overhaul services on existing aircraft and aircraft components. Therefore, the Corporation's business is directly affected by economic factors and other trends that affect the Corporation's customers in the aerospace industry, including possible changes in sourcing strategies by aircraft operators and OEMs, decreased demand for air travel or projected market growth that may not materialize or be sustainable. Although fuel prices have remained low, since it is a significant cost factor for aircraft operators, any sizeable price increases can affect their operating margins and reduce their ability to finance capital expenditures. Constraints in the credit market may reduce the ability of airlines and others to purchase new aircraft, negatively affecting the demand for the Corporation's products. When these economic and other factors adversely affect the aerospace industry, they tend to reduce the overall customer demand for the Corporation's products and services, which decreases the Corporation's operating income.

Economic and other factors both internal and external to the aerospace industry might affect the aerospace industry and may have an adverse impact on the Corporation's results of operations. More specifically, a number of additional external risk factors may include the financial condition of the airline industry, commercial aerospace customers and government aerospace customers; government policies related to import and export restrictions and business acquisitions; changing priorities and possible spending cuts by government agencies; government support for export sales; world trade policies; increased competition from other businesses, including new entrants in market segments in which the Corporation competes. In addition, acts of terrorism, natural disasters, global health risks, political instability or the outbreak of war or continued hostilities in certain regions of the world could result in lower orders or the rescheduling or cancellation of part of the existing order backlog for some of the Corporation's products. In particular, the uncertainties arising from a contagious illnesses, such as the coronavirus currently impacting China and other geographies, could adversely impact global travel and potentially impact aircraft delivery rates of the Corporation's customers.

Political uncertainty could result in a decrease in revenues or have other material adverse effects on the Corporation.

Significant political events can cast uncertainty on global financial and economic markets and depending upon the nature of the event can directly affect the aerospace market. One example is the renegotiation of the "USMCA" (United States-Mexico-Canada Agreement, formerly NAFTA) and the potential for significant U.S. import tariffs being levied on aerospace materials produced outside of the United States. New tax legislation or changes to existing tax laws, as well as the potential introduction of laws to reduce immigration and restrict access into the United States for citizens of certain countries could also present future challenges to non-U.S. corporations.

Britain officially exited the European Union on January 31, 2020 (“Brexit”) and now faces the process of negotiating new trade agreements with European and other countries. Until these negotiations are concluded, economic uncertainty may drive volatility in the value of the British pound. Any long term impact from Brexit on Magellan’s United Kingdom operations will depend, in part, on the outcome of tariff, trade, regulatory, and other negotiations. Whether or not listed above, any effects of Brexit, may have a negative effect and may adversely affect the Corporation’s business.

To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement it could have an adverse effect on the Corporation's ability to market its products and services internationally, increase costs for goods and services required for the Corporation's operations, reduce access to skilled labour and negatively impact the Corporation's business, operations, financial conditions and the market value of its Common Shares.

Cancellations, reductions or delays in customer orders may adversely affect the Corporation's results of operations.

The Corporation's overall operating results are affected by many factors, including the timing of orders from large customers and the timing of expenditures to manufacture parts and purchase inventory in anticipation of future sales of products and services. A large portion of the Corporation's operating expenses is relatively fixed. As several of the Corporation's operating locations typically do not obtain long-term purchase orders or commitments from customers, the Corporation must anticipate the future volume of orders based upon the historic purchasing patterns of customers and upon discussions with customers as to their anticipated future requirements. These historic patterns may be disrupted by many factors, including changing economic conditions, inventory adjustments, work stoppages or labour disruptions and contagious illness outbreaks such as the coronavirus outbreak currently impacting a number of countries and forecasted to spread on a global basis. Cancellations, reductions or delays in orders by a customer or group of customers could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Competitive pressures may adversely affect the Corporation.

The Corporation competes in the aerospace industry primarily in support of OEMs and the manufacturers that supply them, some of which are divisions or subsidiaries of OEMs, and other large companies that manufacture aircraft components and subassemblies. Competition for the repair and overhaul of aerospace components comes from three primary sources: OEMs, major commercial airlines and other independent repair and overhaul companies. Some of the competitors' financial and other resources and name recognition are substantially greater than that of the Corporation and this constitutes significant competitive advantages. There can be no assurance that Magellan will be able to compete successfully against current and future competitors or that the competitive pressures that Magellan faces will not adversely affect the Corporation's operating revenues and, in turn, the Corporation's business and financial condition.

The aerospace and defence industry continues to experience consolidation through mergers and acquisitions and vertical integration strategies. This trend also affects the Corporation’s customers, competitors and suppliers. Consolidation among Magellan’s customers may result in delays in awarding new contracts and losses of existing business. Consolidation among the Corporation’s competitors may result in larger competitors with greater resources and market share leverage, which could adversely affect the Corporation’s ability to compete successfully. Consolidation among Magellan’s suppliers may result in fewer sources of supply and increased costs to the Corporation.

Fluctuations in the value of foreign currencies could result in currency exchange losses.

The Corporation’s financial results are reported in Canadian dollars, though a large portion of the Corporation's revenues and expenses are in foreign currencies, primarily US dollars or British pounds. It is expected that some revenues and expenses will continue to be based in foreign currencies. In situations where the Corporation is not fully hedged, fluctuations in the Canadian dollar exchange rate to foreign currencies will impact the Corporation's results of operations and financial condition from period to period. In addition, such fluctuations could affect the translation of the Corporation's results and profitability shown in its consolidated financial statements. The Corporation also may not be able to manage its currency exposure on commercially reasonable terms.

Customer unit deliveries may not reach the number projected when the basis for amortization of non recurring costs is established.

The Corporation relies on customers' delivery projections, market forecast providers, and various other market information sources to determine the number of units over which to amortize non-recurring costs. Should deliveries not reach the number projected or there is a cancellation of an aircraft program, any unamortized balance that remains would then need to be written off which could have a material adverse impact on the Corporation.

Acquisitions and growth strategy entailing certain business and financial risks could adversely affect the Corporation.

The Corporation, as part of its growth strategy, at times engages in business acquisitions. These acquisitions may expose the Corporation to new geographical, political, operational, cultural and financial risks. Also, significant demands may be placed on management or cause subsequent difficulties related to the integration of new operations, posing risks which are difficult to forecast and could adversely affect the Corporation’s growth and profitability.

Most of the Corporation's contracts are subject to competitive bidding. If the Corporation is unable to successfully compete in the bidding process, the Corporation's results of operations could suffer.

The Corporation obtains most of its contracts through a competitive bidding process that subjects it to the risk that it will expend substantial time and effort on the design, development and marketing of proposals for contracts that may not be awarded to it. The Corporation is sometimes required to bid on programs in advance of the completion of the prime vehicle or system design. This creates a risk that it will experience unforeseen technological difficulties and cost overruns. The Corporation cannot ensure that it will continue to win competitively awarded contracts at the same rate as in the past.

The loss of one of the Corporation's key customers could have a material adverse effect on the Corporation.

For the year ended December 31, 2019, direct sales to Boeing represented approximately 16% of total Corporation revenues and the direct sales to Airbus represented approximately 23% of total Corporation revenues. The loss of either of these customers or any significant decline in purchasing by either customer from the Corporation could have a material adverse impact on the current and forecasted financial results of the Corporation.

The Corporation may need to expend significant capital to keep pace with technological developments in its industry.

The aerospace industry is continually undergoing development and change with the introduction of new materials, products, manufacturing methods, equipment and methods of repair and overhaul services. In order to keep pace with any new developments, the Corporation may need to expend significant capital to purchase new equipment and machinery or to train the Corporation's employees in the new methods of production and service. In addition, the Corporation makes significant expenditures for the research and development of new products and services. The Corporation may not be successful in developing new products and these capital expenditures may have a material adverse effect on the Corporation. Furthermore, disruptive technologies such as additive manufacturing could potentially impact existing components that are core to the Corporation's business.

The Corporation may not realize the Corporation's anticipated return on capital commitments made to expand its capabilities.

From time to time, the Corporation makes significant capital expenditures to implement new processes and to increase both efficiency and capacity. Some of these projects require additional training for the Corporation's employees and not all projects may be implemented as anticipated. If any of these projects do not achieve the anticipated increase in efficiency or capacity, the Corporation's returns on these capital expenditures may not be as expected.

The Corporation may be unable to successfully achieve or maintain "key supplier" status with OEMs and may be required to risk capital to achieve key supplier status.

Most major OEMs strive to develop strategic partnerships with their key suppliers expecting them to provide an array of integrated services including purchasing, warehousing and assembly. The Corporation has been designated as a key supplier by some OEMs and is striving to achieve a higher level of integrated supply with others. In order to achieve key status, the Corporation may need to expand existing capacities or capabilities, however there is no assurance that the Corporation will be able to do so.

Many new aircraft and aircraft engine programs require that major suppliers become risk-sharing partners, meaning that the cost of design, development and engineering work associated with the development of the aircraft or the aircraft engine is partially born by the supplier, usually in exchange for a life-time agreement to supply those critical parts once the aircraft or the aircraft engine is in production. In the event that the aircraft or the aircraft engine fails to reach the production stage, inadequate number of units is produced, or actual sales otherwise do not meet projections, the Corporation may incur significant costs without any corresponding revenues.

Fluctuations in availability and prices of raw materials used in production may adversely impact the financial results of the Corporation.

The main raw materials purchased by the Corporation are aluminium and titanium. The ability of suppliers to meet performance, quality, and delivery schedules is extremely important. Difficulty in procuring raw materials in sufficient quantities and in a timely fashion, along with cost increases for these materials, including any cross-border tariffs, could have a material adverse effect on the Corporation's operations and financial condition. In addition, contagious illnesses can also cause suppliers to experience disruptions in supply, such as the coronavirus that surfaced in December 2019 in Wuhan, China, and which has spread to other countries, with reports of confirmed cases in the several other countries. At this point, the extent to which the coronavirus may impact the Corporation's results is uncertain but it may have an effect or disrupt our supply chain.

The agreements with labour unions representing certain of the Corporation's employees are subject to renewal.

Approximately 1,600 employees are represented by unions and are covered by 16 collective bargaining agreements as of December 31, 2019. Each differing collective bargaining agreement has a unique expiration date. While the Corporation maintains positive relationships with its respective unions, the renegotiations of the collective bargaining agreements could result in work disruption including work stoppages or work slowdowns.

Should a work stoppage occur, it could interrupt the Corporation's manufacturing or service operations at the impacted location which in turn could adversely affect service to its customers and its financial performance.

A reduction in defence spending by the United States or other countries could result in a decrease in revenue.

Global defence spending is currently increasing as various countries focus on fleet modernization and defence readiness. However, since defence spending is approved by governments on an annual basis, it is subject to changing political climates and government spending priorities. The loss or significant reduction in government funding of a large program in which the Corporation participates, could materially affect sales and earnings. An example would be a significant reduction in purchases of Lockheed Martin's F-35 fighter aircraft by the U.S. government. Similarly, Canada's decision on an aircraft for its Future Fighter replacement program could impact the Corporation's business as Magellan currently has a varying amount of work content on the three competing platforms, Boeing F-18, Lockheed F-35 and Saab JAS 39.

The Corporation's diversified sales portfolio, including a growing commercial aerospace product portfolio, defence programs outside of the United States and a balance between manufacturing and aftermarket products and services, help to reduce the impact that a reduction in defence spending on the part of governments could have.

The Corporation faces risks from downturns in the domestic and global economies.

Potential loss due to unfavourable economic conditions, such as a macroeconomic downturn in key markets, could result in potential buyers postponing the purchase of the Corporation's products or services, lower order intake, order cancellations or deferral of deliveries, lower availability of customer financing, downward pressure on selling prices, increased inventory levels, decreased level of customer advances, slower collection of receivables, reduction in production activities, discontinued production of certain products, termination of employees and adverse impacts on the Corporation's suppliers.

The Corporation cannot predict the depth or duration of downturns in the domestic and global economies nor the effects on markets that the Corporation serves, particularly the airline industry. The Corporation's ability to increase or maintain its revenues and operating results may be impaired as a result of negative general global economic conditions including, without limitation, interest rates, general levels of economic activity, fluctuations in the market prices of securities, participation by other investors in the financial markets, economic uncertainty, national and international political circumstances, natural disasters, public health crises (such as the recent global outbreak of the coronavirus) and other events outside of our control. The economic uncertainties of such events renders estimates of future revenues and expenditures more difficult to formulate. The future direction of the overall domestic and global economies could have a significant impact on the Corporation's overall financial performance and may impact the value of its Common Shares.

The ability to make future dividend payments may be impacted by factors not within the control of the Corporation.

The amount of future cash dividends paid by the Corporation, if any, will be subject to the discretion of the Board and may vary depending on a variety of factors and conditions existing from time to time, including fluctuations in sales, capital expenditure requirements, debt service requirements, operating costs, foreign exchange rates and the satisfaction of the liquidity and solvency tests imposed by applicable corporate law for the declaration and payment of dividends and covenants in the Bank Credit Facility Agreement. In addition, any of the other risks noted herein may have an impact on the Corporation's ability to pay future dividends. Depending on these and various other factors, many of which will be beyond the control of the Corporation, the dividend policy of the Corporation from time to time and, as a result, future cash dividends could be reduced or suspended entirely.

The market value of the Common Shares may deteriorate if cash dividends are reduced or suspended. Furthermore, the future treatment of dividends for tax purposes will be subject to the nature and composition of dividends paid by the Corporation and potential legislative and regulatory changes. Dividends may be reduced during periods of weaker financial performance and any decision by the Corporation to finance capital expenditures using cash flow from operating activities.

The Corporation may incur significant expenses to comply with new or more stringent governmental regulation.

The aerospace industry is highly regulated in most countries by specialized government agencies. The Corporation must be certified in such jurisdictions and, in some cases, by individual OEMs in order to engineer and service parts and components used in specific aircraft models. If any of the Corporation's material authorizations or approvals were to be revoked or suspended, the Corporation's operations would be adversely affected. New or more stringent governmental regulations may be adopted, or industry oversight heightened, in the future, and the Corporation may incur significant expenses to comply with any new regulations or any heightened industry oversight.

Information technology risk may adversely impact the Corporation's operations.

The Corporation places significant reliance on information technology for information and processing that supports financial, regulatory, administrative and commercial operations. In addition, the Corporation relies upon telecommunication services to interface with its global operations, customers and business partners. Any disruption to the Corporation's information technology and telecommunication services, including those caused by projects to improve its information technology systems, if not anticipated and appropriately mitigated, could disrupt Magellan's business and impair its ability to effectively provide products and related services to its customers and could have a material adverse effect on the Corporation's business. The Corporation could also be subject to systems failures, including network, software or hardware failures, whether caused by the Corporation, third-party service providers, intruders or hackers, computer viruses, natural disasters, power shortages or terrorist attacks. Cyber security threats are evolving and include, but are not limited to, malicious software, unauthorized attempts to gain access to sensitive, confidential or otherwise protected information related to Magellan or its products, customers or suppliers, or other acts that could lead to disruptions in its business. Any such failures could cause loss of data and interruptions or delays in the Corporation's business, cause Magellan to incur remediation costs, subject it to claims and could potentially damage its reputation. In addition, the failure or disruption of the Corporation's communications or utilities could cause interruption or suspend its operations or otherwise adversely affect the Corporation's business. The Corporation's property and business interruption insurance may be inadequate to compensate for all losses that may occur as a result of any system or operational failure or disruption which would adversely affect our business, results of operations and financial condition.

The Corporation's debt may need to be refinanced and such refinancing may not be available.

The Corporation and its subsidiaries have debt obligations. The degree to which this indebtedness could have consequences on the Corporation's prospects include the effect of such debts on the ability to obtain additional financing for working capital, capital expenditures or acquisitions; the portion of available cash flow that will need to be dedicated to repayment of principal and interest on indebtedness, thereby reducing funds available for expansion and operations; and the Corporation's vulnerability to economic downturn and its ability to withstand competitive pressure. If the Corporation is unable to meet its debt obligations, it may need to consider refinancing or adopting alternative strategies to reduce or delay capital expenditures, selling assets or seeking additional equity capital.

The Corporation is party to the Bank Credit Facility Agreement with a syndicate of lenders. Under the terms of the Bank Credit Facility Agreement, the lenders have made an operating credit facility available to the Corporation that expires on September 13, 2021. Any extensions of the operating credit facility are subject to mutual consent of the lenders and the Corporation. The Bank Credit Facility Agreement requires the Corporation to maintain certain financial and non-financial bank covenants. For more information, see "*Borrowings – Bank Credit Facility*". The Corporation's ability to meet the financial ratios can be affected by events beyond the Corporation's control and there is no assurance that the Corporation will be able to meet its bank covenants due to unforeseen events or circumstances, some of which are outlined elsewhere in "*Risks Inherent in Magellan's Business*". Also there is no assurance that the Bank Credit Facility Agreement will be renewed upon expiry or that the proposed terms of renewal would be regarded as commercially reasonable by the Corporation.

Credit ratings and access to the capital markets may be impacted by a number of matters, including those set forth in this Annual Information Form and a number of external factors beyond the Corporation's control.

The Corporation may need additional financing for acquisitions and capital expenditures and additional financing may not be available on acceptable terms.

A key element of the Corporation's strategy has been, and continues to be, internal growth and growth through the acquisition of additional companies and product lines engaged in the aerospace industry. In order to grow internally, the Corporation may need to make significant capital expenditures and may need additional capital to do so. The Corporation's ability to grow is dependent upon, and may be limited by, among other things, availability under the credit facilities and by particular restrictions contained therein and the Corporation's other financing arrangements. In that case, additional funding sources may be needed, and the Corporation may not be able to obtain the additional capital necessary to pursue its internal growth and acquisition strategy or, if the Corporation obtains additional financing, the additional financing may not be on financial terms which are satisfactory to it.

The Corporation may be affected by interest rate fluctuations.

The majority of the Corporation's debt bears interest at variable rates. Consequently, the Corporation’s future cash flows are exposed to fluctuations from changing interest rates arising from debt obligations indexed to variable interest rates. For these items, cash flows and interest costs could be impacted by a change in benchmark interest rates such as Libor or Banker’s Acceptance and may adversely and materially affect the Corporation's financial results.

Potentially volatile capital markets may reduce the Corporation’s financial flexibility and may result in less than optimal financing results.

As future capital expenditures will be financed out of cash generated from operations, borrowings and possible future equity issuances, the Corporation’s ability to do so is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in the aerospace industry and Magellan's securities in particular.

To the extent that external sources of capital become limited or unavailable or available on onerous terms, the Corporation's ability to make capital investments may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result.

Alternatively, the Corporation may need to issue additional Common Shares, Preference Shares or other convertible securities from treasury at lower prices to refinance existing debt or to finance the capital costs of significant projects or may wish to borrow to finance significant projects to accomplish Magellan's long-term objectives on less than optimal terms or in excess of its optimal capital structure.

Based on current funds available and expected cash flow from operating activities, management believes that the Corporation has sufficient funds available to fund its projected capital expenditures. However, if cash flow from operating activities is lower than expected or capital costs for these projects exceed current estimates, or if the Corporation incurs major unanticipated expenses, it may be required to seek additional capital to maintain its capital expenditures at planned levels. Failure to obtain any financing necessary for the Corporation's capital expenditure plans may affect it in a materially adverse manner.

Any exposure to environmental liabilities may adversely affect the Corporation.

The Corporation’s business, operations and facilities are subject to numerous stringent federal, provincial, state, local and foreign environmental laws and regulations in Canada, the United States, the United Kingdom, Asia and the European Union. The Corporation is required to maintain certificates of approval, permits or licenses with respect to its water discharges, air emissions, generation of wastes and land fill sites, as applicable. The regulatory bodies in charge of environmental matters conduct periodic compliance reviews and the Corporation engages in regular monitoring and measuring of its environmental aspects and impacts. From time to time due to non-compliance matters that arise, containment, mitigation and remedial orders are received, which require action by the Corporation. The Corporation commits financial and technical resources as it deems necessary, including outside consultants, to develop action plans in accordance with the requirements of the various jurisdictions within which it operates.

Recent changes in political climate may lead to new environmental laws and programs setting reduction for discharges into the environment, which may be costly or not possible for the Corporation to meet, and thereby result in costs, penalties or charges to the Corporation.

The Corporation operates in various jurisdictions where there are legislative initiatives relating to greenhouse gas ("GHG") emissions being considered or adopted. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. As signatories to the United Nations Framework Convention on Climate Change and as participants to the 2015 Paris Climate Conference and the resulting Paris Agreement, the Governments of Canada, the European Union and other signatories (together with the other countries involved) have pledged to work together to limit global temperature rise resulting from GHG emissions to a goal of less than 2° Celsius and to pursue efforts to limit below 1.5° Celsius, through implementing successive nationally determined contributions. The GHG emission reduction pledges are not binding, however, and most countries have not announced how they intend to meet the commitments agreed to at the 2015 Paris Climate Conference. The various GHG policies and clean air initiatives have resulted in continued uncertainty surrounding the timing and scope of climate change regulations and a continuing patchwork of regulatory initiatives. If enacted, these may adversely affect the Corporation's financial condition and results of operations. Notwithstanding the current regulatory uncertainty, Magellan has established its corporate carbon footprint and is committed to a GHG reduction target in line with those set by the United Kingdom, a leader in setting strong reduction targets.

Legislation at country, provincial and state levels provide for restrictions and prohibitions on emissions, discharges and releases of various substances produced in association with manufacturing operations. It is expected legislation will become more stringent over time and necessitate additional environmental controls. There are several initiatives under review by the Corporation to ensure that it meets the new legislated requirements. These initiatives include, but are not limited to, greenhouse gas reduction, replacement of trichloroethylene used for degreasing, toxic substances reduction, including hexavalent chromium, and monitoring of substance releases from products exported to the European Union. As legislation evolves and enforcement of the laws and regulations become more rigorous, the Corporation may be required to incur additional significant capital and operating expenditures to comply, which could have a material adverse effect on the Corporation's financial condition. The Corporation is actively testing alternatives and new technology; given the uncertainty in climate change legislation, it may be costly or not possible for the Corporation to meet legislated reductions and timelines before proven alternatives are in place.

As a result of historic releases of trichloroethylene, the Corporation, with regulatory approval, has implemented remedial systems in Winnipeg, Manitoba; Mississauga, Ontario; Fort Erie, Ontario; and Bournemouth, Great Britain to address trichloroethylene-impacted groundwater. These remedial systems have been in operation for a number of years with capital costs already incurred and ongoing maintenance and operating expenses. Although management believes that the Corporation's operations and facilities are in material compliance with environmental laws and regulations, future changes in these laws, regulations or interpretations thereof or the nature of the Corporation's operations may require the Corporation to make significant additional capital expenditures to ensure compliance in the future, which may adversely affect the financial condition of the Corporation. Furthermore, neighbouring property owners to the Corporation's sites at Winnipeg, Manitoba; Mississauga, Ontario; Fort Erie, Ontario and Queens, New York have been made aware of potential off-site impacts of trichloroethylene and environmental investigations at those sites. Negotiations with the neighbouring property owners have precluded the need for off-site remediation. Actual liability to the Corporation remains highly uncertain due to unknown timing and extent of remediation costs and other corrective actions that may be required including, the unknown proportion of liability attributable to the Corporation (if any) as compared to the proportion of liability attributable to other potentially responsible parties and the extent to which such costs are recoverable from third parties.

Changes in estimates used in accounting for long term contracts could adversely affect the Corporation's future results.

Accounting for long term contracts requires judgment related to assessing risks, estimating contract revenues and costs and making assumptions for schedule and technical issues. Due to the size and nature of the Corporation's contracts, average unit cost for products produced is determined based on the estimated total production costs for a predetermined program quantity. Program quantities are established based on management's assessment of market conditions and foreseeable demand at the beginning of the production stage for each program, taking into consideration both customer-provided and independent data. Management conducts regular reviews of its cost estimates and program quantities, however, changes in underlying assumptions, circumstances or estimates concerning quantities or change in the market conditions, along with not realizing estimated total production costs, may adversely affect future financial performance. Changes in estimates used in accounting for long term contracts could adversely affect the Corporation's future results.

The Corporation may not be able to successfully negotiate long-term contracts to eliminate losses.

From time to time circumstances under which long-term contracts are negotiated change and require amendments so the Corporation does not incur a loss. If negotiations are not successful or the final terms are different from what the Corporation expects, the Corporation may be required to record a loss provision on these contracts which may be materially adverse to the Corporation. The amount of such provision, if any, cannot be reasonably estimated until such amendments are finalized.

Potential for unforeseen costs associated with warranty claims.

Some of the products manufactured by the Corporation are complex and sophisticated and may contain defects despite having in place procedures and processes to detect and correct any defects before shipment to its customers. Errors may be found in the Corporation's products after they are delivered to customers. As a result, the Corporation may be exposed to legal claims relating to the products it manufactures or the loss of customers. In addition, due to the nature of the Corporation's business, the Corporation may be subject to liability claims involving its products or products for which it provides services. The Corporation maintains product liability insurance for its business. However, there is potential that the insurance coverage will not be sufficient to cover all relevant claims. Furthermore, there is no assurance that the Corporation will be able to obtain insurance coverage at acceptable levels and costs in the future. The occurrence of errors, failures and claims could adversely affect the Corporation's operating results and business.

Competitive market for skilled labour may adversely impact the Corporation's operations.

The Corporation's success and growth will depend, in part, on its ability to attract and retain the necessary skilled labour. The Corporation's inability to attract and retain skilled labour, particularly engineers, machinists and programmers, could adversely affect its operations, financial results, and ability to attract and retain work.

The Corporation's risk management strategy may not be effective for the risks faced by the Corporation.

The Corporation maintains policies of insurance of the types and in the amounts that are comparable to companies of similar sizes and industry. The Corporation's risk management programs and claims handling and litigation processes utilize internal professionals and external technical expertise. If this risk management strategy is not effective to mitigate the risks faced by the Corporation, these risks could have a material adverse effect on the business, results of operations, financial condition and liquidity.

DIVIDENDS

During 2017, the Corporation paid quarterly cash dividends on 58,209,001 Common Shares of $0.065 per Common Share on March 31, 2017, June 30, 2017 and September 30, 2017, and $0.085 per Common Share on December 31, 2017 representing aggregate dividends paid in 2017 of approximately $16.3 million. During 2018, the Corporation paid quarterly cash dividends on 58,209,001 Common Shares of $0.085 per Common Share on March 30, 2018, June 29, 2018 and September 28, 2018, and $0.10 per Common Share on December 31, 2018 representing aggregate dividends paid in 2018 of approximately $20.7 million. During 2019, the Corporation paid quarterly cash dividends on 58,209,001 Common Shares of $0.10 per Common Share on March 29, 2019, June 28, 2019 and September 30, 2019, and $0.105 per Common Share on December 31, 2019 representing aggregate dividends paid in 2019 of approximately $23.6 million.

In the first quarter of 2020, the Corporation declared cash dividends of $0.105 per Common Share payable on March 31, 2020, to shareholders of record at the close of business on March 20, 2020.

The declaration of dividends is at the discretion of the Board and is approved quarterly. Any decision to pay dividends on the Corporation's Common Shares will be made on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time. The Bank Credit Facility Agreement restricts the amount of dividends that can be declared and paid.

See "*Risks Inherent in Magellan's Business – Potentially volatile capital markets may reduce the Corporation's financial flexibility and may result in less than optimal financing results*", "*Risks Inherent in Magellan's Business – The Corporation's debt may need to be refinanced and such financing may not be available*" and "*Risks inherent in Magellan's Business – The ability to make future dividend payments may be impacted by factors not within the control of the Corporation*".

GENERAL DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

Magellan has authorized for issuance an unlimited number of Common Shares of which 58,209,001 Common Shares were outstanding as at the date hereof. The holders of Common Shares are entitled to notice of, to attend and to one vote per share held at any meeting of the shareholders of Magellan; to receive dividends as and when declared by the Board on the Common Shares as a class, and subject to prior satisfaction of all preferential rights to dividends attached to all shares of other classes; and in the event of any liquidation, dissolution or winding-up of Magellan, whether voluntary or involuntary, or any other distribution of the assets of Magellan among its shareholders for the purpose of winding-up its affairs, and subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of Magellan ranking in priority to the Common Shares in respect of return of capital on dissolution, to share rateably, together with the shares of any other class of shares of Magellan ranking equally with the Common Shares in respect of return of capital on dissolution, in such assets of Magellan as are available for distribution.

Preference Shares

Magellan also has authorized an unlimited number of Preference Shares which may at any time or from time to time be issued in one or more series. Before any Preference Shares of a particular series are issued, the Board shall, by resolution, fix the number of Preference Shares that will form such series and shall, subject to the limitations set out in the Corporation's articles, by resolution fix the designation, rights, privileges, restrictions and conditions to be attached to the Preference Shares of such series. The Preference Shares of each series shall rank on parity with the Preference Shares of every other series with respect to accumulated dividends and return of capital. The Preference Shares are entitled to a preference over the Common Shares and over any other shares of the Corporation ranking junior to the Preference Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. As at the date hereof, there were no Preference Shares outstanding.

BORROWINGS

The Corporation had the following financing arrangement as at December 31, 2019:

Bank Credit Facility

On September 13, 2018, the Corporation entered into an agreement (as it may be amended from time to time, the "Bank Credit Facility Agreement") with a syndicate of banks that provides for a multi-currency operating credit facility up to a limit of $75 million. The Bank Credit Facility Agreement also includes an uncommitted accordion provision which provides the Corporation the option to increase the size of the operating credit facility by $75 million.

On October 28, 2019, the Corporation amended the terms of the Bank Credit Facility Agreement, so that, the operating credit facility expires on September 13, 2021. Any further extensions of the facility are subject to mutual consent of the syndicate of lenders and the Corporation.

Under the Bank Credit Facility Agreement, Magellan agrees to maintain a prescribed fixed charge coverage ratio and total leverage ratio, the failure of which will create an event of default pursuant to the Bank Credit Facility Agreement. The fixed charge coverage ratio is the ratio of (a) earnings before interest, taxes, depreciation and amortization less cash taxes less distributions permitted by the lenders, to (b) the sum of scheduled principal payments paid plus interest expense plus capital lease payments made. The total leverage ratio is ratio of (a) total indebtedness as at such time to (b) EBITDA (defined as net income before interest, income taxes, depreciation and amortization) for the most recently completed four financial quarters.

See *"Risks Inherent in Magellan's Business – The Corporation's debt may need to be refinanced and such refinancing may not be available".* For more information in relation to the Bank Credit Facility Agreement, reference is made to Note 12 of the Corporation’s consolidated financial statements for the year ended December 31, 2019 filed on SEDAR at www.sedar.com, which note is incorporated by reference into this Annual Information Form and see "G*eneral Development of the Business – Financing Matters*" and "*Material Contracts*".

MARKET FOR SECURITIES

The Corporation's Common Shares are listed and posted for trading on the TSX under the symbol "MAL".

The following chart shows the high and low closing prices and the aggregate volumes traded of the Common Shares on the TSX for each month in 2019:

Month	Low ($)	High ($)	Volume
January	14.21	15.80	293,411
February	15.54	18.07	399,942
March	15.05	18.22	520,392
April	17.63	19.00	310,893
May	15.97	18.78	259,805
June	15.88	17.35	164,150
July	15.83	17.09	202,444
August	15.00	16.90	135,438
September	14.50	15.73	225,223
October	14.62	16.06	169,758
November	15.12	16.81	261,057
December	13.65	16.00	402,891

DIRECTORS AND OFFICERS

The names and municipalities of residence of the directors and executive officers of the Corporation, the offices held by them in the Corporation, their principal occupations and the year each director first became a director are set out below. 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 they were first elected or appointed, which date is indicated below such director's name. The present term of each director will expire immediately prior to the election of directors at the next annual meeting of shareholders, which is scheduled for May 5, 2020. Except as set out in the notes to the table below, all of the directors are nominees for election at such annual meeting. Each of the directors and executive officers has been engaged in their principal occupation or in other capacities with the same firm or organization for the past five years, except as disclosed in the notes to the following table. 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.

To the knowledge of the Corporation, except as disclosed in the notes to the following table, no proposed director of the Corporation is, or has been in the last ten years, a director, chief executive officer or chief financial officer of an issuer (including the Corporation) 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 and (b) was subject to an event that resulted, after that person ceased to be a director, chief executive officer or chief financial 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.

To the knowledge of the Corporation, except as disclosed in the notes to the following table, no proposed director of the Corporation is, or has been within the last ten years, a director or executive officer of any issuer (including the Corporation) that, while that person acting in that capacity or 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.

To the knowledge of the Corporation, no proposed director of the Corporation has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director of the Corporation.

Director's Name, Province/State and Country of Residence and Year First Became Director	Office Held	Principal Occupation
N. MURRAY EDWARDS (4)(6) St. Moritz, Switzerland (1995)	Chairman of the Board and Director	Corporate Director/Investor
PHILLIP C. UNDERWOOD (7) Ontario, Canada (2015)	Director	President, Chief Executive Officer and Director, Magellan Aerospace Corporation
BETH M. BUDD BANDLER (1)(2)(5) Ontario, Canada (2014)	Director	President, Beth Bandler Professional Corporation (private legal and business practice)
HON. WILLIAM G. DAVIS (3) Ontario, Canada (1989)	Director	Counsel, Davis Webb LLP (Brampton law firm)
BRUCE W. GOWAN (1)(2)(3)(4)(8) Ontario, Canada (1990)	Director	Corporate Director
LARRY G. MOELLER (5) Alberta, Canada (1995)	Director	President, Kimball Capital Corporation (private consulting and management company)
STEVEN SOMERVILLE (1)(2)(3)(4)(5)(9)(10) Ontario, Canada (2013)	Director	President, Kerr Industries Limited (private vehicle equipment installation company)

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 Pension Committee.
(5) Member of the Environmental and Health & Safety Committee.
(6) Mr. Edwards has served as a Corporate Director and Investor from December 2015 to the present. Prior thereto, Mr. Edwards was the President of EDCO Financial Holdings Ltd., a private consulting and management company.
(7) Mr. Underwood was appointed President and Chief Executive Officer of the Corporation January 1, 2015. Mr. Underwood previously served as President of the Corporation, and prior to that was the Vice President, European Operations of the Corporation. Mr. Underwood was appointed by the Board as a director of the Corporation on March 20, 2015.
(8) Mr. Gowan was a director of a private company and resigned effective November 29, 2015. The company was ordered into receivership on December 21, 2015 pursuant to an order of the Ontario Superior Court of Justice.
(9) Mr. Somerville was appointed President of Kerr Industries Limited effective February 22, 2016. Mr. Somerville was Co-President of Spectrum Capital Partners Inc. from 2012 to 2016.
(10) Mr. Somerville was a director of CanAm Coal Corporation and resigned effective June 30, 2014. The company and its subsidiaries filed on May 28, 2015 voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Alabama. On May 7, 2015 and on May 8, 2015, the Alberta Securities Commission and British Columbia Securities Commission, respectively, issued cease trade orders in connection with the CanAm Coal Corporation's failure to file its audited consolidated financial statements for the year-ended December 31, 2014 and its related management discussion and analysis and management certifications. On May 7, 2015 the shares of CanAm Coal Corporation were suspended from trading on the TSX Venture Exchange for failure to meet continued listing requirements.

Executive Officer's Name and Province/State and Country of Residence	Office Held	Principal Occupation
PHILLIP C. UNDERWOOD(1) Ontario, Canada	President and Chief Executive Officer	President and Chief Executive Officer, Magellan Aerospace Corporation
ELENA M. MILANTONI(2) Ontario, Canada	Chief Financial Officer	Chief Financial Officer, Magellan Aerospace Corporation
MARK ALLCOCK (3) Ontario, Canada	Vice President, Information Technology, and Transformation	Vice President, Information Technology, and Transformation Magellan Aerospace Corporation
JO-ANN C. BALL Ontario, Canada	Vice President, Human Resources	Vice President, Human Resources, Magellan Aerospace Corporation
KAREN YOSHIKI-GRAVELSINS Ontario, Canada	Vice President, Corporate Stewardship and Operational Excellence	Vice President, Corporate Stewardship and Operational Excellence, Magellan Aerospace Corporation
HAYDN R. MARTIN (4) Poole, United Kingdom	Vice President, Business Development, Marketing and Contracts	Vice President, Business Development, Marketing and Contracts, Magellan Aerospace Corporation
CRAIG A. VAUGHAN (5) Ontario, Canada	Corporate Secretary	Corporate Secretary, Magellan Aerospace Corporation

Notes:

(1) Effective January 1, 2015, Mr. Underwood was appointed President and Chief Executive Officer of the Corporation. Prior to that Mr. Underwood served as President of the Corporation.

(2) Effective January 1, 2016, Ms. Milantoni was appointed Chief Financial Officer and Corporate Secretary of the Corporation, and resigned as Corporate Secretary on May 1, 2018. From January 1, 2014 to December 31, 2015, Ms. Milantoni served as Vice President, Finance and Treasurer.

(3) Effective June 1, 2018, Mr. Allcock was appointed Vice President, Information Technology and Transformation. From January 1, 2015 to May 31, 2018, Mr. Allcock served as Vice President, Information Technology. Prior to that, Mr. Allcock served as Director of Information Technology, European Operations.

(4) Effective June 1, 2018, Mr. Martin was appointed Vice President of Business Development, Marketing and Contracts. From January 1, 2016 to May 30, 2018, Mr. Martin was Vice President, New Business Development. Prior to that, Mr. Martin served as Vice President of Business Development for Europe.

(5) Effective May 1, 2018, Mr. Vaughan was appointed Corporate Secretary.

The directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 45,340,920 Common Shares representing approximately 78.0% of the outstanding Common Shares of the Corporation.

Circumstances may arise where members of the Board serve as directors or officers of corporations which are in competition to the Corporation's interests. No assurances can be given that opportunities identified by such Board members will be provided to the Corporation.

The *Business Corporations Act* (Ontario) (the "Act") provides that in the event that a director has an interest in a contract or proposed contract or agreement with the Corporation, the director shall disclose his interest in such contract or agreement and shall not attend any part of the meeting of directors during which the contract or transaction is discussed and not vote on any matter in respect of such contract or agreement unless otherwise provided under such Act. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of such Act.

AUDIT COMMITTEE

The Audit Committee's Charter

The Board has established an audit committee (the "Audit Committee") with the responsibility for monitoring the Corporation's systems and procedures for financial reporting, risk management and internal controls, for reviewing all public disclosure documents containing financial information and for monitoring the performance of the Corporation's external auditors. The responsibilities of the Audit Committee are set out in a written charter, which is reviewed and approved by the Board. The current Charter of the Audit Committee is set out in full in Appendix "A" to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is composed of the following three members: Bruce W. Gowan, Steven Somerville and Beth M. Budd Bandler. Each of the Audit Committee members is independent and financially literate within the meaning of National Instrument 52-110 – *Audit Committees* ("NI 52-110") which means that each of them (i) has no direct or indirect material relationship with the Corporation, other than being one of its directors and (ii) has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's consolidated financial statements.

Relevant Education and Experience

Each member of the Audit Committee has developed considerable experience and expertise related to financial and accounting matters which are relevant to the performance of their respective responsibilities as an Audit Committee member. More particularly, each of them has developed and acquired (i) an understanding of the accounting principles used by the Corporation to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting.

The following is a description of the education and experience of each Audit Committee member that is relevant to the performance of their responsibilities as Audit Committee members.

Bruce W. Gowan
Mr. Gowan, a Chartered Professional Accountant was appointed as the Chairman of the Audit Committee in May 2016. Mr. Gowan has been a director of the Corporation since 1990, a member of the Audit Committee since 2000 and was Chief Financial Officer of the Corporation during the period 1983 to 1999.

Mr. Gowan completed his academic requirements for his Chartered Professional Accountancy designation in Ontario, through Queen's University.

Steven Somerville
Mr. Somerville has been a director of the Corporation since 2013 and a member of the Audit Committee since 2014. Mr. Somerville is an experienced business executive.

Mr. Somerville holds a Bachelor of Arts (Economics) degree and an MBA with distinction from the Ivey School of Business, University of Western Ontario. He is also an ICD.D.

Beth M. Budd Bandler
Ms. Budd Bandler has been a director of the Corporation since 2014 and a member of the Audit Committee since 2018. Ms. Bandler is an experienced business executive in public and private enterprises.

Ms. Budd Bandler holds Master of Science (Applied) and Bachelor of Science degrees from McGill University and an LL.B. from Osgoode Hall Law School, York University. She is a Chartered Director (C.Dir.).

Pre-Approval Policies and Procedures

The Audit Committee pre-approves all permitted audit, audit–related and non-audit services to be performed by Ernst & Young LLP, the Corporation's external auditors.

External Auditor Service Fees

The following is the aggregate fees billed by the Corporation's external auditors, Ernst & Young LLP in each of the last two fiscal years by category of services provided:

	Fiscal year ended December 31	
	2019	2018
Audit fees	$1,483,900	$1,431,700
Audit-related fees	66,500	70,200
Tax fees	64,500	64,500
All other fees	Nil	Nil
Total	$1,614,900	$1,566,400

Audit Fees. Audit fees include fees for services that would normally be provided by the external auditor in connection with statutory and regulatory filings or engagements, including fees for services necessary to perform an audit or review in accordance with generally accepted auditing standards. This category also includes services that generally only the external auditor reasonably can provide, including comfort letters, statutory audits, attest services, consents and assistance with and review of certain documents filed with securities regulatory authorities.

Audit-Related Fees. Audit-related fees are for assurance and related services, such as due diligence services that traditionally are performed by the external auditor.

Tax Fees. Tax fees are principally for assistance in tax compliance, tax advisory services on research and development credits and transfer pricing.

All Other Fees. All other fees are fees paid to the Corporation's external auditor that are not audit fees, audit-related fees or tax fees.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings that the Corporation is or was a party to, or that any of the Corporation's property is or was the subject of, during the most recently completed financial year, that were or are material to the Corporation, and there are no such material legal proceedings that management is currently aware of that are contemplated.

There were not: (a) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year; (b) other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (c) settlement agreements entered into by the Corporation with a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the Corporation's last three completed financial years or during the current financial year until the date hereof , no director or executive officer of the Corporation, or any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of the Corporation's outstanding voting securities, or an associate or affiliate of any of the foregoing persons or companies, had or has any material interest, direct or indirect, in any transaction with the Corporation that has materially affected or will materially affect the Corporation. 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 Common Shares	Percentage of Common Shares
N. Murray Edwards St. Moritz, Switzerland	Common Shares	Direct and Indirect	43,056,979	74.0%

MATERIAL CONTRACTS

The only material contract of the Corporation that was entered into within the most recently completed financial year, or entered into before the most recently completed financial year which is still in effect, other than contracts entered into in the ordinary course of business, is the Bank Credit Facility Agreement between Magellan and a syndicate of lenders. See "*General Development of the Business – Financing Matters*" and "*Borrowings – Bank Credit Facility*".

For more information, see Note 12 to the Corporation's consolidated financial statements for the year ended December 31, 2019 filed on SEDAR at www.sedar.com and which is incorporated herein by reference.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc., Toronto, Ontario is the transfer agent and registrar for the Corporation's Common Shares.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* by the Corporation during, or related to, its most recently completed financial year other than Ernst & Young LLP, the Corporation's external auditors. Ernst & Young LLP is independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com. Additional information relating to directors' and officers' remuneration and indebtedness, principal holders of the Corporation's voting shares and corporate governance matters relating to the Corporation will be contained in the Corporation's Management Information Circular which relates to the annual meeting of shareholders of the Corporation to be held on Tuesday, May 5, 2020. Additional financial information is provided in the Corporation's consolidated financial statements for the year ended December 31, 2019 and management's discussion and analysis, both of which have been filed on SEDAR at www.sedar.com.

Copies of the management proxy circular, the consolidated financial statements, including any interim financial statements, management's discussion and analysis, additional copies of this Annual Information Form, and any other documents incorporated therein by reference may be obtained upon request from the Corporate 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.

APPENDIX "A"

MAGELLAN AEROSPACE CORPORATION

CHARTER OF THE AUDIT COMMITTEE

MANDATE

The Audit Committee (the "Committee") is appointed by the Board of Directors (the "Board") of Magellan Aerospace Corporation (the "Corporation") to assist the Board in its oversight of the reliability and integrity of the accounting principles and practices, financial statements and other financial reporting and disclosure practices followed by the Corporation and its subsidiaries.

The Committee's primary duties and responsibilities are to:

- Review and assess management's identification of principal financial risks and monitor the process to manage such risks.
- Review and assess management's overall process to identify principal risks that could affect the achievement of the Corporation's business plans.
- Monitor and report on the integrity of the Corporation's financial statements, financial reporting processes and systems of internal controls regarding financial reporting and accounting compliance and compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts.
- Select and recommend to the Board the Corporation’s external auditors for appointment by the shareholders.
- Pre-approve all audit and non-audit services to be provided by the Corporation's external auditors consistent with all applicable laws and establish the fees and other compensation to be paid to the external auditors.
- Oversee the work of the external auditors.
- Monitor the independence and performance of the Corporation's external auditors.
- Monitor the performance of the internal audit processes.
- Establish procedures for the receipt, retention, response to and treatment of complaints, including confidential anonymous submissions by the Corporation's employees, regarding accounting, internal control or auditing matters.
- Provide an avenue of communication among the external auditors, management, the internal auditing function and the Board.
- Report to the Board.

The Committee has the authority to conduct any review or investigation appropriate to fulfilling its responsibilities. The Committee shall have unrestricted access to personnel and information and any resources necessary to carry out its responsibility. In this regard, the Committee may direct management to particular areas of examination.

MAJOR RESPONSIBILITIES AND FUNCTIONS

Review Procedures

Review the Committee's Charter at least annually and approve a summary of the Committee's composition and responsibilities in the Corporation's annual report or other public disclosure documentation. Ensure the processes are in place to annually evaluate the performance of the Committee and report to the Board on the results of such evaluation.

Annual Financial Statements

1. Review the Corporation's annual audited financial statements and related documents prior to their filing or distribution. Such review to include:

    (a) A review with the external auditors and management of the annual financial statements and related footnotes including significant issues and disclosures regarding accounting policies and practices and any changes thereto.

    (b) A review with the external auditors and management of the use of off-balance sheet financing, if any, including management's risk assessment and adequacy of disclosure.

    (c) A review with the external auditors of the audit plan and the results of the audit including any significant changes required in the audit plan.

    (d) A review of any significant disagreements between the external auditors and management encountered during the course of the audit, including any restrictions on the scope of the external auditors' work or access to required information.

    (e) A review of other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.

2. Review and formally recommend approval to the Board of the Corporation's:

    (a) Year-end audited financial statements and disclosures.

    (b) Annual earnings press releases.

    (c) Management's Discussion and Analysis.

    (d) Annual Information Form.

    (e) All prospectuses and information circulars as to financial information provided therein.

Quarterly Financial Statements

1. Review with management and the external auditors and recommend for approval to the Board the Corporation's:

    (a) Quarterly unaudited financial statements and related documents, including management's discussion and analysis and interim earnings press releases.

    (b) Any significant changes to the Corporation's accounting principles.

Other Financial Filings and Public Documents

1. Review financial information contained in any filings with the securities regulators or news releases related thereto and consider whether the information is consistent with the information contained in the financial statements of the Corporation.

Internal Control Environment

1. Ensure that management and the external auditors provide to the Committee an annual report on the Corporation's financial control environment as it pertains to the Corporation's financial reporting process and controls.

2. Review and discuss significant financial risks or exposures and assess the steps management has taken to monitor, control, report and mitigate such risk to the Corporation.

3. Review the effectiveness of the overall process for identifying the principal risks affecting the achievement of business plans and provide the Committee's view to the Board.

4. Review, in consultation with management and the external auditors, the degree of coordination in management's audit plans relating to the internal control environment and the external auditors audit plan and enquire as to the extent the planned scope can be relied upon to detect weaknesses in internal controls, fraud, or other illegal acts. The Committee will assess the coordination of audit effort to assure completeness of coverage and the effective use of audit resources. Any recommendations made by the auditors for the strengthening of internal controls shall be reviewed and discussed with management.

5. Review the hedging and risk management policies and procedures of the Corporation.

6. Review legal and regulatory matters that may have a material impact on the interim or annual financial statements, related Corporation compliance policies and programs and reports received from regulators.

7. Review policies and procedures with respect to officers' and directors' expense accounts and perquisites, including their use of corporate assets and consider the results of any review of these areas by the internal auditor or the external auditors.

8. Review all related party transactions between the Corporation and any officers or directors.

9. Review incidents of fraud, illegal acts and conflicts of interest.

10. Oversee the internal audit function including:

    (a) Reviewing the annual internal audit plan including risk assessment, the location and activities elected to ensure appropriate involvement in the control systems and financial reporting, time and cost budgets, resources (both personnel and technological) and organizational reporting structure;

    (b) Reviewing internal audit progress, findings, recommendations and follow up actions;

    (c) Private discussions as to internal audit independence, co-operation received from management, interaction with external audit and any unresolved material disagreements with management;

    (d) Annual approval of internal audit mandates;

    (e) Monitoring of compliance with the Corporation’s code of conduct.

External auditors

1. Meet quarterly with the external auditors to review amongst other things the quarterly and annual financial statements of the Corporation and have the external auditors be available to attend Committee meetings or portions thereof at the request of the chairman of the Committee or by a majority of the members of the Committee.

2. Review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Corporation and its affiliates in order to determine the external auditors' independence, including, without limitation, (i) requesting, receiving and reviewing, no less than annually, a formal written statement from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to the Corporation and its affiliates, (ii) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors and (iii) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence.

3. Review:

   (a) The external auditor's performance, and make a recommendation to the Board regarding the reappointment of the external auditors at the annual meeting of the Corporation's shareholders or regarding the discharge of such external auditors.

   (b) The terms of engagement of the external auditors together with their proposed fees.

   (c) External audit plans and results.

   (d) Any other related audit engagement matters.

   (e) The engagement of the external auditors to perform non-audit services, if any, together with the fees therefor, and the impact thereof, on the independence of the external auditors.

4. Consider with management and the external auditors the rationale for employing audit firms other than the principal external auditors, including a review of management consulting services and related fees provided by the external auditors compared to those of other audit firms.

Other matters

1. Review and concur in the appointment, replacement, reassignment, or dismissal of the Chief Financial Officer.

2. Report Committee actions to the Board with such recommendations, as the Committee may deem appropriate.

3. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation.

4. Perform such other functions as required by law, the Corporation's mandate or By-laws, or the Board.

5. Consider any other matters referred to it by the Board.

6. Nothing contained in this charter is intended to transfer to the Committee the Board's responsibility to ensure the Corporation's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the Committee. While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits, to determine that the Corporation's financial statements are complete and accurate

and are in accordance with generally accepted accounting principles, or to design or implement an effective system of internal controls. Such matters are the responsibility of management and the independent external auditors, as the case may be. Members of the Committee are entitled to rely, absent knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided and (iii) representations made by management as to the non-audit services provided to the Corporation by the external auditors.

OPERATION OF COMMITTEE

Reporting

The Committee shall report to the Board following each meeting of the Committee.

Composition of Committee

The Committee shall consist of not less than 3 nor more than 5 directors all of whom shall qualify as independent directors. All members of the Committee shall have the financial literacy to be able to read and understand the Corporation's financial statements and to understand the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. In addition, the Committee's composition, including the qualifications and experience of its members, shall comply with the applicable requirements of the Toronto Stock Exchange ("TSX"), the Ontario Securities Commission (the "OSC") and other securities regulatory authorities to which the Corporation may be subject, as adopted or in force or amended from time to time. The Board will consider the appropriateness of the application of all TSX guidelines and OSC rules and recommendations regarding the composition of the Committee.

Appointment of Committee Members

Members of the Committee shall be appointed by the Board at a meeting, typically held immediately after the annual shareholders' meeting, provided that any member may be removed or replaced at any time by the Board and shall in any event cease to be a member of the Committee upon ceasing to be a member of the Board.

Vacancies

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.

Chairman

The Chairman of the Board, based on the recommendation of the Governance and Nominating Committee, will recommend an independent director as chairman of the Committee to the Board for approval.

If the chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.

The chairman presiding at any meeting shall not have a casting vote.

Secretary

The Committee shall appoint a secretary who need not be a member of the Committee or a director of the Corporation. The secretary shall keep minutes of the meetings of the Committee.

Committee Meetings

The Committee shall meet at least quarterly at the call of the chairman of the Committee. In addition, a meeting may be called by any director or by the external auditors.

Committee meetings may be held in person, by video-conference, by means of telephone or by any combination of any of the foregoing.

Notice of Meeting

Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by e-mail to each member of the Committee and to external auditors, if their presence is required, at least 48 hours prior to the time fixed for such meeting.

A member may in any manner waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

Quorum

A majority of Committee members, present in person, by video-conference, by telephone or by a combination thereof, shall constitute a quorum.

Attendance at Meetings

The President and Chief Executive Officer, the Chief Financial Officer, the Vice President Finance, the head of internal audit and any other senior financial employees as the Committee may invite are expected to be available to attend meetings, but a portion of every meeting will be reserved for in-camera discussion without members of management, being present.

The Committee should meet, on a regular basis and without management present, with the head of internal audit, the external auditors and management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.

The Committee may by specific invitation have other resource persons in attendance.

The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.

Minutes

Minutes of Committee meetings shall be sent to all Committee members and to the external auditors.

Engaging Outside Resources

The Committee is empowered to engage outside resources, as it deems advisable, at the expense of the Corporation.