MAGELLAN AEROSPACE

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NEWS RELEASE

MAGELLAN AEROSPACE CORPORATION ANNOUNCES FINANCIAL RESULTS

Toronto, Ontario – November 11, 2013 – Magellan Aerospace Corporation ("Magellan" or the "Corporation") released its financial results for the third quarter of 2013. All amounts are expressed in Canadian dollars unless otherwise indicated. The results are summarized as follows:

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of Canadian dollars, except per share amounts	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
Revenues	181,010	161,429	12.1%	556,166	517,615	7.4%
Gross Profit	26,080	20,554	26.9%	79,662	68,627	16.1%
Net Income	9,553	14,854	(35.7)%	28,731	35,258	(18.5)%
Net Income per Share – Diluted	0.16	0.26	(38.5)%	0.49	0.61	(19.7)%

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

This news release presents certain non-IFRS financial measures to assist readers in understanding the Corporation's performance. Non-IFRS financial measures are measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with Generally Accepted Accounting Principles ("GAAP"). Throughout this news release, 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 generally accepted earnings measures 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.

Overview

A summary of Magellan's business and significant updates

Magellan is a diversified supplier of components to the aerospace industry and in certain circumstances for power generation projects. Through its wholly owned subsidiaries, Magellan designs, engineers, and manufactures aeroengine and aerostructure components for aerospace markets, advanced products for 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 and supplies in certain circumstances parts and equipment for power generation projects.

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

Business Update

In the third quarter of 2013, the Corporation announced the award of a $110 million Cdn contract from MacDonald Dettwiler and Associates Ltd. ("MDA") for the RADARSAT Constellation Mission (RCM) satellite bus manufacture. RCM is comprised of three low earth orbit spacecraft, each carrying a C-band Synthetic Aperture Radar payload. The Corporation will design and manufacture the three spacecraft buses, including the control systems, on-board computers, power generation and distribution systems, electronics, wiring and on-board communications links with the ground. This contract will be performed at the Corporation's Winnipeg, Manitoba facility.

The Corporation also announced the first successful launch of its MAC-200 bus on the Cascade SmallSat and IOnoshperice Polar Explorer ("CASSIOPE") satellite from the Vandenberg Air Force Base in California. CASSIOPE is a Canadian designed multi-purpose mission satellite carrying 8 unique instruments to conduct space environment research utilizing advanced telecommunications technology.

The Corporation's sand casting operations in Haley, Ontario and Glendale, Arizona continue their efforts in developing and integrating new technologies into their production processes. Robotic finishing, digital scanning technologies and semi-automated radiographic systems are all currently operating at various stages of production maturity and are clearly demonstrating opportunities to improve operational efficiency and product quality. New additive manufacturing capabilities that were first introduced into operation one year ago are now transitioning into production and have been a key enabler for securing new business.

During the third quarter the US DoD and Lockheed Martin concluded the contracting process for 2 additional low rate initial production ("LRIP") releases for the F-35 fighter. This contractually defines and secures F-35 work for the supply chain into 2015. As well, the Corporation is actively engaged in negotiations for future LRIPs beyond these approvals. In September, the first Magellan manufactured horizontal tail assembly was successfully assembled onto an aircraft at the Lockheed Martin assembly line in Fort Worth, Texas. In the third quarter the Corporation continued to be impacted to a modest degree by the combined effects of sequestration and the US Government shutdown.

In the Power Generation Sector the Corporation is working closely with Ghana on the existing power generation project and continues to pursue additional opportunities with Ghana and globally, for similar projects.

In the civil aerospace segment of the business, the Corporation continued to successfully manage and service rate increases on their single aisle programs, the A320 and B737. In addition efforts continued in support of the development and ramp up of new programs that the Corporation participates in such as the B787-9 and the A350XWB.

For additional information, please refer to the "Management's Discussion and Analysis" section of the Corporation's 2012 Annual Report available on www.sedar.com.

Results of Operations

A discussion of Magellan's operating results for third quarter ended September 30, 2013

The Corporation reported higher revenue in its Aerospace segment and lower revenue in its Power Generation Project segment in the third quarter of 2013 when compared to the third quarter of 2012. Gross profit and net income for the third quarter of 2013 were $26.1 million and $9.6 million, respectively, an increase from the third quarter of 2012 gross profit of $20.6 million and a decrease from net income of $14.9 million in the third quarter of 2012. The decrease in net income year over year is not due to operational performance but due to a one time after tax gain on bargain purchase of $7.4 million that was realized in the third quarter of 2012 on the acquisition of John Huddleston Engineering Limited ("JHE").

Consolidated Revenue

Overall, the Corporation's consolidated revenues grew by 12.1% when compared to the third quarter of 2012.

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of dollars	**2013**	2012	Change	**2013**	2012	Change
Aerospace	**181,010**	151,549	19.4%	**552,688**	480,374	15.1%
Power Generation Project	**–**	9,880	(100)%	**3,478**	37,241	(90.7)%
Total revenues	**181,010**	161,429	12.1%	**556,166**	517,615	7.4%

Consolidated revenues of $181.0 million for the third quarter ended September 30, 2013 were higher than $161.4 million in the third quarter of 2012. Increased revenues of a strong 19.4% year over year in the Aerospace segment due to the higher demand and volumes were somewhat offset by the fall off of revenues earned in the Power Generation Project segment. As the Corporation moves towards the end of fiscal 2013, revenues earned from the Power Generation Project will continue to decrease on a year over year basis and will be significantly lower than 2012 unless the Corporation receives further contracts in this area.

Aerospace Segment

Revenues for the Aerospace segment were as follows:

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of dollars	**2013**	2012	Change	**2013**	2012	Change
Canada	**68,933**	64,728	6.5%	**215,706**	212,239	1.6%
United States	**56,484**	49,560	14.0%	**174,533**	150,252	16.2%
Europe	**55,593**	37,261	49.2%	**162,449**	117,883	37.8%
Total revenues	**181,010**	151,549	19.4%	**552,688**	480,374	15.1%

Consolidated Aerospace revenues for the third quarter of 2013 of $181.0 million were 19.4% higher than revenues of $151.5 million in the third quarter of 2012. Revenues in Canada in the third quarter of 2013 increased 6.5% from the same period in 2012. Growth in the Corporation's proprietary products and new programs, partially offset by the decline in volumes in the defence market were the main contributing factors for the increase quarter over quarter. Revenues increased by 14.0% in the United States in the third quarter of 2013 in comparison to the third quarter of 2012 primarily due to increased volumes on several of the Corporation's commercial aircraft programs and the movement of the stronger US dollar in comparison to the CDN dollar during the same periods in 2013 and 2012**.** Increased volumes of production on new and existing Airbus statements of work, a favorable movement of the GBP in comparison to the CDN dollar and the business acquisition of JHE in the third quarter of 2012 contributed to a substantial 49.2% quarter-over-quarter increase in revenues in Europe in the third quarter of 2013 over revenues in the same period in 2012.

Power Generation Project Segment

Revenues for the Power Generation Project segment were as follows:

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of dollars	**2013**	2012	Change	**2013**	2012	Change
Power Generation Project	**–**	9,880	(100.0)%	**3,478**	37,241	(90.7)%
Total revenues	**–**	9,880	(100.0)%	**3,478**	37,241	(90.7)%

The Ghana Power Generation Project (the "Project") was substantially completed as at March 31, 2013. The Corporation has been notified of the mechanical breakdown of the turbines in the Project. The Corporation and Ghana have contracted an independent arbitrator to assess the cause of the damage and expect to receive the findings shortly. Plans for repairs of the equipment are underway. Based on internal assessments of the cause of the failure, the Corporation has not recorded any provisions in the current quarter. Additional revenues may be recorded as the Corporation continues to support the commercial operation of the Project; however, revenues from the Power Generation Project segment will decrease on a year over year basis unless the Corporation receives further contracts in this area.

Gross Profit

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of dollars	**2013**	2012	Change	**2013**	2012	Change
Gross profit	**26,080**	20,554	26.9%	**79,662**	68,627	16.1%
Percentage of revenues	**14.4%**	12.7%		**14.3%**	13.3%	

Gross profit of $26.1 million (14.4% of revenues) was reported for the third quarter of 2013 compared to $20.6 million (12.7% of revenues) during the same period in 2012. Increased gross profit in the third quarter of 2013 over the same period in 2012 was primarily due to increased volumes experienced at a number of the Corporation's locations and the associated higher leverage against the Corporation's fixed costs.

Administrative and General Expenses

	Three month period ended September 30			Nine month period ended September 30		
Expressed in thousands of dollars	**2013**	2012	Change	**2013**	2012	Change
Administrative and general expenses	**11,544**	9,998	15.5%	**33,608**	29,090	15.5%
Percentage of revenues	**6.4%**	6.2%		**6.0%**	5.6%	

Administrative and general expenses were $11.5 million (6.4% of revenues) in the third quarter of 2013 compared to $10.0 million (6.2% of revenues) in the third quarter of 2012. Higher expenses in the administration of support services and the acquisition of JHE in August 2012, which increased general and administrative expenses by approximately $0.8 million for the three months ended September 30, 2013 versus the same period in 2012, primarily contributed to the increase.

Gain on Bargain Purchase

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2013**	2012	**2013**	2012
Gain on bargain purchase	—	(9,597)	—	(9,597)
Gain on bargain purchase	—	(9,597)	—	(9,597)

On August 31, 2012, the Corporation purchased all of the issued and outstanding shares of the capital stock of JHE. As a result of such purchase, the Corporation recognized a gain on bargain purchase in the third quarter of 2012 of $9.6 million on such acquisition of JHE as the consideration paid for the identifiable tangible assets acquired was lower that the fair value, as determined by an independent valuation specialist.

Other

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2013**	2012	**2013**	2012
Foreign exchange (gain) loss	**(538)**	(258)	**388**	(304)
Loss on disposal of property, plant and equipment	**48**	67	**262**	78
Total other	**(490)**	(191)	**650**	(226)

Other income of $0.5 million in the third quarter of 2013 consisted of realized and unrealized foreign exchange gains and losses on the disposal of property, plant and equipment.

Interest Expense

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2013**	2012	**2013**	2012
Interest on bank indebtedness and long-term debt	**1,695**	1,889	**5,242**	5,849
Accretion charge for borrowings and long-term debt	**(95)**	313	**(117)**	653
Discount on sale of accounts receivable	**182**	157	**513**	452
Total interest expense	**1,782**	2,359	**5,638**	6,954

Interest expense of $1.8 million in the third quarter of 2013 was lower than the third quarter of 2012 amount of $2.4 million, as interest on bank indebtedness and long-term debt decreased mainly due to lower principal amounts outstanding during the third quarter of 2013 than those in the third quarter of 2012. Increased long-term bond rates resulted in a recovery of previously recorded accretion expense in the third quarter of 2013 when compared to the same quarter in the prior year.

Provision for Income Taxes

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2013**	2012	**2013**	2012
Expense of current income taxes	**1,009**	767	**3,550**	2,552
Expense of deferred income taxes	**2,682**	2,364	**7,485**	4,596
Total expense of income taxes	**3,691**	3,131	**11,035**	7,148
Effective tax rate	**27.9%**	17.4.%	**27.7%**	16.9%

The Corporation recorded an income tax expense of $3.7 million in the third quarter of 2013 as compared to an income tax expense of $3.1 million in the third quarter of 2012. Current income taxes for the third quarter of 2013 consisted primarily of the tax expense in jurisdictions with current taxes payable. Deferred income taxes for the third quarter of 2013 consisted primarily of net deferred income tax recoveries for changes in temporary differences in various jurisdictions. The reduction in total income taxes in the third quarter of 2012 when compared to the same quarter in 2013 was due to the recognition of previously unrecognized deferred tax assets, which did not recur in the third quarter of 2013, offset by deferred income tax liability recorded upon the acquisition of JHE.

Selected Quarterly Financial Information

A summary view of Magellan's quarterly financial performance

	2013			2012[1]				2011
Expressed in millions of dollars, except per share amounts	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Revenues	**181.0**	189.9	185.3	186.4	161.4	169.3	186.8	173.3
Income before taxes	**13.2**	15.5	11.0	18.0	18.0	10.9	13.5	13.8
Net Income	**9.5**	11.2	8.0	21.8	14.9	8.9	11.5	16.6
Net Income per share								
Basic	**0.16**	0.19	0.14	0.37	0.26	0.15	0.20	0.90
Diluted	**0.16**	0.19	0.14	0.37	0.26	0.15	0.20	0.31
EBITDA	**22.8**	25.6	21.3	28.6	27.7	21.2	23.0	29.6

[1]Certain 2012 figures have been restated due to the implementation of IFRS 11, *Joint Arrangements* and revised IAS 19, *Employee Benefits*. See the "Changes in Accounting Policies" section on page 9 of this report.

The Corporation reported its highest quarterly revenues in the second quarter of 2013. Revenues and net income reported in the quarterly information was impacted by the fluctuations in the Canadian dollar exchange rate in comparison to the US dollar and British Pound. The US dollar/Canadian dollar exchange rate in the third quarter of 2013 fluctuated reaching a low of 1.0225 and a high of 1.0588. During the third quarter of 2013, the British Pound relative to the Canadian dollar fluctuated reaching a low of 1.5632 and a high of 1.6647. Had the foreign exchange rates remained at levels experienced in the third quarter of 2012, reported revenues in the third quarter of 2013 would have been higher by $5.5 million. Net income in the third quarter of 2012 was higher than the first two quarters of 2012 as the Corporation recognized an after tax gain on bargain purchase of $7.4 million on the acquisition of JHE as the consideration paid was lower than the fair value of the identifiable tangible assets acquired at the time of purchase. Net income for the fourth quarter of 2012 and 2011 of $21.8 million and $16.6 million respectively was higher than other quarterly net income disclosed in the table above. In the fourth quarter of 2011 the Corporation recognized a reversal of previous impairment losses against intangible assets relating to various commercial aircraft programs. In addition, in both the fourth quarter of 2011 and 2012 the Corporation recognized previously unrecognized investment tax credits and other deferred tax assets as the Corporation determined that it will be able to benefit from these assets.

Reconciliation of Net Income to EBITDA

A description and reconciliation of certain non-IFRS measures used by management

In addition to the primary measures of earnings and earnings per share (basic and diluted) in accordance with IFRS, the Corporation includes EBITDA (earnings before interest expense, income taxes and depreciation and amortization) in this news release. The Corporation has provided this measure because it believes this information is used by certain investors to assess financial performance and that EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed and how the results are

taxed in the various jurisdictions. Each of the components of this measure are calculated in accordance with IFRS, but EBITDA is not a recognized measure under IFRS, and the Corporation's method of calculation may not be comparable with that of other companies. Accordingly, EBITDA should not be used as an alternative to net income as determined in accordance with IFRS or as an alternative to cash provided by or used in operations.

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2013**	2012	**2013**	2012
Net income	**9,553**	14,854	**28,731**	35,258
Interest	**1,782**	2,359	**5,638**	6,954
Taxes	**3,691**	3,131	**11,035**	7,148
Depreciation and amortization	**7,821**	7,380	**24,306**	22,565
EBITDA	**22,847**	27,724	**69,710**	71,925

EBITDA for the third quarter of 2013 was $22.8 million, compared to $27.7 million in the third quarter of 2012, a decrease of 17.6% on a year-over-year basis. The one time recognition of the gain on bargain purchase of JHE of $9.6 million in the third quarter of 2012 resulted in higher EBITDA when compared to the third quarter of 2013.

Liquidity and Capital Resources

A discussion of Magellan's cash flow, liquidity, credit facilities and other disclosures

The Corporation's liquidity needs can be met through a variety of sources including cash on hand, cash provided by operations, short-term borrowings from its credit facility and accounts receivable securitization program, and long-term debt and equity capacity. Principal uses of cash are for operational requirements and capital expenditures. Based on current funds available and expected cash flow from operating activities, management believes that the Corporation has sufficient funds available to meet its liquidity requirements at any point in time. However, if cash from operating activities is lower than expected or capital projects exceed current estimates, or if the Corporation incurs major unanticipated expenses, it may be required to seek additional capital in the form of debt or equity or a combination of both.

Cash Flow from Operations

	Three month period ended September 30		Nine month period ended September 30	
Expressed in thousands of dollars	**2013**	2012	**2013**	2012
Decrease (increase) in accounts receivable	**6,280**	9,756	**(16,367)**	(12,676)
Increase in inventories	**(5,011)**	(9,536)	**(12,475)**	(25,152)
Increase in prepaid expenses and other	**(925)**	(1,412)	**(3,188)**	(2,374)
Increase (decrease) in accounts payable, accrued liabilities and provisions	**1,659**	(6,539)	**7,677**	8,077
Changes to non-cash working capital balances	**2,003**	(7,731)	**(24,353)**	(32,125)
Cash provided by operating activities	**19,940**	4,484	**31,689**	13,275

In the quarter ended September 30, 2013, the Corporation generated $19.9 million in cash in its operations, compared to $4.5 million generated in the third quarter of 2012. The increase in cash generated from operations was primarily due to favorable changes to the Corporation's working capital requirements and increases in non-cash expenses in the third quarter of 2013 compared to the same period in 2012. With respect to working capital, compared to the third quarter of 2012, the change in A/R reflects primarily changes in customer mix, the change in A/P and accrued liabilities was primarily driven by the timing of purchases and payments, and the change in inventories reflects increased inventory levels primarily to support new customer programs and increased customer forecasts.

Investing Activities

Expressed in thousands of dollars	Three month period ended September 30		Nine month period ended September 30	
	2013	2012	**2013**	2012
Acquisition of JHE	**—**	(13,641)	**—**	(13,641)
Investment in joint venture	**(3,994)**	—	**(3,994)**	—
Purchase of property, plant and equipment	**(5,153)**	(10,071)	**(13,471)**	(22,534)
Proceeds of disposals of property plant and	**237**	25	**364**	67
Increase in intangibles and other assets	**(6,262)**	(1,532)	**(10,705)**	(9,723)
Cash used in investing activities	**(15,172)**	(25,219)	**(27,806)**	(45,831)

In the third quarter of 2013, the Corporation invested $4.0 million acquiring a 49% interest in Triveni Aeronautics Private Limited, an aerospace components manufacturing company in India.

The Corporation's capital expenditures for the third quarter of 2013 were $5.2 million compared to $10.1 million in the third quarter of 2012. The capital expenditures were incurred primarily to enhance the Corporation's manufacturing capabilities in various geographies and to support new customer programs.

In August 2012, the Corporation completed the acquisition of JHE. The final purchase price was $13.7 million, net of cash acquired, which was financed from cash on hand.

Financing Activities

Expressed in thousands of dollars	Three month period ended September 30		Nine month period ended September 30	
	2013	2012	**2013**	2012
(Decrease) increase in bank indebtedness	**(5,790)**	14,472	**(10,651)**	10,569
(Decrease) increase in debt due within one year	**(659)**	19	**120**	17,521
Decrease in long-term debt	**(1,430)**	(1,518)	**(6,779)**	(7,317)
(Decrease) increase in long-term liabilities and provisions	**(225)**	175	**(344)**	333
Increase in borrowings	**210**	1,460	**796**	2,462
Common share dividends	**(1,746)**	—	**(1,746)**	—
Cash (used) provided by financing activities	**(9,640)**	14,608	**(18,604)**	23,568

On December 21, 2012, the Corporation amended its operating credit agreement with its existing lenders. Under the terms of the amended agreement, the maximum amount available under the operating credit facility was decreased to a Canadian dollar limit of $115.0 million (down from $125.0 million) plus a US dollar limit of $35.0 million (down from US $50.0 million), with a maturity date of December 21, 2014. The Bank Facility Agreement also includes a Cdn$50.0 million uncommitted accordion provision which will provide Magellan with the option to increase the size of the operating credit facility to $200.0 million. The facility is extendible for unlimited future one year renewal periods, subject to mutual consent of the syndicate of lenders and the Corporation. The operating credit facility continues to be fully guaranteed until December 21, 2014 by the Chairman of the Board of the Corporation in consideration of the continued payment by the Corporation of an annual fee, payable monthly, equal to 0.50% (down from 0.63%) of the loan amount.

On December 21, 2012, the Corporation also extended the 7.5% loan payable ("Original Loan") to Edco Capital Corporation ("Edco"), a corporation controlled by the Chairman of the Board of the Corporation to January 1, 2015 in consideration of the payment of a fee to Edco equal to 0.75% of the principal amount outstanding at the time of extension. The Corporation has the right to repay the Original Loan at any time without penalty.

The terms of the amended operating credit agreement continue to permit the Corporation to repay, in whole or in part, the Original Loan from Edco provided there is no current default or event of default under the operating credit facility and after the repayment of the loan the Corporation has at least $25.0 million in availability under the operating credit facility.

Dividends

On August 8, 2013, the Corporation Board announced its intention to pay its first quarterly dividend on common shares of $0.03 per share. The Corporation declared and paid dividends on 58,209,001 common shares, amounting to $1.7 million in the third quarter of 2013.

On November 8th 2013, the Corporation announced that its Board of Directors had declared an initial quarterly cash dividend on its common shares of $0.03 (three cents) per common share. The dividend will be payable December 31, 2013 to shareholders of record at the close of business on December 12, 2013.

Outstanding Share Information
The authorized capital of the Corporation consists of an unlimited number of Preference Shares, issuable in series, and an unlimited number of common shares. As at November 8, 2013, 58,209,001 common shares were outstanding.

Financial Instruments

A summary of Magellan's financial instruments

Derivative Contracts
The Corporation operates internationally, which gives rise to a risk that its income, cash flows and shareholders' equity may be adversely impacted by fluctuations in foreign exchange rates. Currency risk arises because the amount of the local currency receivable or payable for transactions denominated in foreign currencies may vary due to changes in exchange rates and because the non-Canadian dollar denominated financial statements of the Corporation's subsidiaries may vary on consolidation into the reporting currency of Canadian dollars.

The Corporation uses derivative financial instruments to help manage foreign exchange risk with the objective of reducing transaction exposures and the resulting volatility of the Corporation's earnings. The Corporation does not trade in derivatives for speculative purposes. Under these contracts the Corporation is obligated to purchase specified amounts at predetermined dates and exchange rates. These contracts are matched with anticipated cash flows in US dollars.

The counterparties to the foreign currency contracts are all major financial institutions with high credit ratings. As at September 30, 2013 the Corporation had foreign exchange contracts outstanding as follows:

Foreign exchange forward contracts	Amount	Rate
Maturity – less than 1 year – US Dollar	9,000	1.0150
Maturity – less than 1 year – US Dollar	3,600	1.0425

The fair values of the Corporation's foreign exchange forward contracts are based on the current market values of similar contracts with the same remaining duration as if the contract had been entered into on September 30, 2013.

The mark-to-market on these financial instruments as at September 30, 2013 was an unrealized loss of $0.1 million which has been recorded in other expenses in the period.

Off Balance Sheet Arrangements
The Corporation does not have any off-balance sheet arrangements that have or reasonably are likely to have a material effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. As a result, the Corporation is not exposed materially to any financing, liquidity, market or credit risk that could arise if it had engaged in these arrangements.

Related Party Transactions

A summary of Magellan's transactions with related parties

During the three month period ended September 30, 2013, the Corporation paid guarantee fees in the amount of $0.2 million to the Chairman of the Board of the Corporation. During the three month period ended September 30, 2013, the Corporation incurred interest of $0.5 million in relation to the Original Loan due to Edco, a corporation which is controlled by the Chairman of the Board of the Corporation which is due on January 1, 2015. At September 30, 2013, the Corporation owed Edco interest of $0.2 million.

Risk Factors

A summary of risks and uncertainties facing Magellan

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

For more information in relation to the risks inherent in Magellan's business, reference is made to the information under "Risk Factors" in the Corporation's Management's Discussion and Analysis for the year ended December 31, 2012 and to the information under “Risks Inherent in Magellan’s Business” in the Corporation’s Annual Information Form for the year ended December 31, 2012, which have been filed with SEDAR at www.sedar.com.

Outlook

The outlook for Magellan’s business in 2014

In the third quarter of 2013 the partial shutdown of the US government combined with sequestration continued to cause concerns for North American defence OEM’s. Due to these events spending and procurement activities have continued at lower levels than previously anticipated. It is now evident that the enforcement of US sequestration will affect all US defence programs indiscriminately. Industry analysts suggest there will be continued uncertainty in this market until the fiscal year 2014 budget and risk of government shutdown concludes. Despite this uncertainty, it is encouraging to see that future platforms are still being launched. The US Army recently awarded

four, Joint Multi-Role (“JMR”) technology demonstrator helicopter contracts to Boeing/Sikorsky, Bell/Lockheed Martin, AVX Aircraft and Karem Aircraft to refine initial design concepts in advance of potential flight demonstrations. Development of the JMR platform is intended to replace various utility and attack helicopters (Blackhawk, Apache etc.) across US military fleets out in the 2030 timeframe.

The world fighter markets are attracting significant press as countries grapple with replacement of aging fleets and the high cost of next generation platforms. Older aircraft are being retired faster than new replacements are being acquired. The US Navy is giving consideration to extending service life of the existing fleets and to procuring new variants of F-18’s or F-15’s while it waits for F-35 deliveries. Likewise, large international competitions, such as that in South Korea for 60 jets, pits new jets (F-35) against advanced prior generation platforms (F-15) in a battle between budget and capability, notwithstanding the changing dynamics in the worlds defense industries. The Corporation remains comfortable with the balance of our legacy and new product defence programs.

Civil aerospace markets are seeing airlines planning to grow and replace their less efficient fleets. Despite some projections that low cost capital may not be as available in the future and that some experts suggest that this “super cycle” may not be sustainable, strong demand for new aircraft continues. Major OEM’s continue to hold forecasts of new aircraft builds at about 1,400 A/C per annum with the majority of the new growth coming from the Asian marketplace. Responding to this demand, OEM’s are continuing to increase build rates. Boeing’s 737 build rate is set to increase from 38 per month to 42 per month in the first half of 2014. Airbus is maintaining a 42 per month A320 build rate through 2014 and planning to reach 43 per month in 2015. The ramp for A320NEO production is a planned climb to 44 per month over 3 years (2015 – 2018). Boeing’s 737 MAX is planned with a similarly aggressive ramp rate.

Boeing is recovering from the battery issues experienced earlier in the year on 787 and plans to hit a 10 per month rate on this aircraft in early 2014. While Airbus’ A350XWB is progressing to plan, it should be noted that the large aircraft market has shown signs of flattening and we have seen slight production rate reductions announced on the B747 and we anticipate some modest future rate reductions on the A380.

Forecast International (FI) recently issued a report on the regional aircraft market which suggests “restrained” growth in this market. They predict gradual growth between 2013 and 2020 driven by the need for larger 90+ seat fuel-efficient aircraft. Restraining factors are the maturation of US and European markets, the need for consolidation of airlines and most critically, pilot contract scope clauses which restrict the size (76 seats in most cases) and number of aircraft that regional carriers can operate. FI’s senior analyst stated: “Demand in the market is trending towards larger-capacity aircraft and, in the absence of scope clause limitations, this trend would strengthen and accelerate”. New entrants into the larger regional aircraft market, such as Japan’s MRJ, China’s COMAC and Russia’s Sukkoi & IRKUT programs, suggest the regions where the largest future demand could materialize.

The business jet market continues to defy leading indicators that predict sector recovery. This sector’s market as a whole however is showing some growth due to the positive trends of larger jets, however, the successful catalyst for recovery in the light jet market is still illusive. Certain light jets are showing success such as Embraer’s Phenom 300 which is powered by Pratt & Whitney’s PW535. On the medium/large jet segment Cessna’s Citation XLS and Dassault’s Falcon 7X are particularly strong. These are important platforms for the Corporation’s casting business.

Additional Information

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

Forward Looking Statements

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

-30-

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MAGELLAN AEROSPACE

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited) (expressed in thousands of Canadian dollars, except per share amounts)	Three month period ended September 30		Nine month period ended September 30	
	2013	2012	**2013**	2012
Revenues	**181,010**	161,429	**556,166**	517,615
Cost of revenues	**154,930**	140,875	**476,504**	448,988
Gross profit	**26,080**	20,554	**79,662**	68,627
Administrative and general expenses	**11,544**	9,998	**33,608**	29,090
Gain on bargain purchase	**—**	(9,597)	**—**	(9,597)
Other	**(490)**	(191)	**650**	(226)
	15,026	20,344	**45,404**	49,360
Interest	**1,782**	2,359	**5,638**	6,954
Income before income taxes	**13,244**	17,985	**39,766**	42,406
Income taxes				
Current	**1,009**	767	**3,550**	2,552
Deferred	**2,682**	2,364	**7,485**	4,596
	3,691	3,131	**11,035**	7,148
Net income	**9,553**	14,854	**28,731**	35,258
Other comprehensive income				
Other comprehensive income to be reclassified to profit and loss in subsequent periods:				
Foreign currency translation	**443**	(4,499)	**6,863**	(3,825)
Items not to be reclassified to profit and loss in subsequent periods:				
Actuarial gain on defined benefit pension plan, net of tax	**—**	—	**9,498**	—
Total comprehensive income, net of tax	**9,996**	10,355	**45,092**	31,433
Net income per share				
Basic	**0.16**	0.26	**0.49**	0.61
Diluted	**0.16**	0.26	**0.49**	0.61

MAGELLAN AEROSPACE

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited) (expressed in thousands of Canadian dollars)	**September 30 2013**	December 31 2012	January 1 2012
Current assets			
Cash	**8,212**	22,423	26,502
Trade and other receivables	**153,195**	134,214	106,392
Inventories	**162,393**	147,329	127,434
Prepaid expenses and other	**11,348**	7,843	5,297
	335,148	311,809	265,625
Non-current assets			
Property, plant and equipment	**315,282**	315,484	288,763
Investment properties	**2,769**	2,875	3,041
Intangible assets	**57,323**	60,701	66,134
Other assets	**26,399**	13,097	8,783
Deferred tax assets	**46,904**	51,040	28,360
	448,677	443,197	395,081
Total assets	**783,825**	755,006	660,706
Current liabilities			
Accounts payable and accrued liabilities and provisions	**132,355**	121,161	105,551
Debt due within one year	**32,194**	32,256	12,297
	164,549	153,417	117,848
Non-current liabilities			
Bank indebtedness	**102,786**	112,666	120,674
Long-term debt	**74,833**	79,857	81,423
Borrowings subject to specific conditions	**20,312**	20,768	18,847
Other long-term liabilities and provisions	**24,954**	39,003	29,131
Deferred tax liabilities	**18,511**	14,761	10,088
	241,396	267,055	260,163
Equity			
Share capital	**254,440**	254,440	252,440
Contributed surplus	**2,044**	2,044	2,041
Other paid in capital	**13,565**	13,565	13,565
Retained earnings	**108,165**	71,682	20,747
Accumulated other comprehensive loss	**(334)**	(7,197)	(6,098)
	377,880	334,534	282,695
Total liabilities and equity	**783,825**	755,006	660,706

MAGELLAN AEROSPACE CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited) (expressed in thousands of Canadian dollars)	Three month period ended September 30 **2013**	 2012	Nine month period ended September 30 **2013**	 2012
Cash flow from operating activities				
Net income	**9,553**	14,854	**28,731**	35,258
Amortization/depreciation of intangible assets and property, plant and equipment	**7,821**	7,380	**24,306**	22,565
Loss on disposal of property, plant and equipment	**74**	67	**288**	78
Impairment reversal	**—**	—	**—**	(1,543)
Decrease in defined benefit plans	**(945)**	(1,227)	**(1,246)**	(1,910)
Gain on bargain purchase	**—**	(9,597)	**—**	(9,597)
Accretion	**(93)**	313	**(116)**	653
Deferred taxes	**1,541**	425	**4,063**	(104)
(Loss) income on investment in joint venture	**(14)**	—	**16**	—
Increase (decrease) in working capital	**2,003**	(7,731)	**(24,353)**	(32,125)
Net cash provided by operating activities	**19,940**	4,484	**31,689**	13,275
Cash flow from investing activities				
Acquisition of JHE	**—**	(13,641)	**—**	(13,641)
Investment in joint venture	**(3,994)**	—	**(3,994)**	—
Purchase of property, plant and equipment	**(5,153)**	(10,071)	**(13,471)**	(22,534)
Proceeds from disposal of property, plant and equipment	**237**	25	**364**	67
Increase in other assets	**(6,262)**	(1,532)	**(10,705)**	(9,723)
Net cash used in investing activities	**(15,172)**	(25,219)	**(27,806)**	(45,831)
Cash flow from financing activities				
(Decrease) increase in bank indebtedness	**(5,790)**	14,472	**(10,651)**	10,569
(Decrease) increase in debt due within one year	**(659)**	19	**120**	17,521
Decrease in long-term debt	**(1,430)**	(1,518)	**(6,779)**	(7,317)
(Decrease) increase in long-term liabilities and provisions	**(225)**	175	**(344)**	333
Increase in borrowings	**210**	1,460	**796**	2,462
Common share dividends	**(1,746)**	—	**(1,746)**	—
Net cash (used in) provided by financing activities	**(9,640)**	14,608	**(18,604)**	23,568
Decrease in cash during the period	**(4,872)**	(6,127)	**(14,721)**	(8,988)
Cash at beginning of the period	**12,770**	23,752	**22,423**	26,502
Effect of exchange rate differences	**314**	(544)	**510**	(433)
Cash at end of the period	**8,212**	17,081	**8,212**	17,081