

METHANEX CORP  
Form 6-K  
July 26, 2017  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE MONTH OF JULY 2017

METHANEX CORPORATION  
(Registrant's name)

SUITE 1800, 200 BURRARD STREET, VANCOUVER, BC V6C 3M1 CANADA  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☐ Form 40-F ☒

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82

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Methanex Corporation  
1800 - 200 Burrard St.  
NEWS RELEASE Vancouver, BC Canada V6C 3M1  
Investor Relations: (604) 661-2600  
[www.methanex.com](http://www.methanex.com)

For immediate release

July 26, 2017

## METHANEX REPORTS SECOND QUARTER 2017 EARNINGS

VANCOUVER, BRITISH COLUMBIA - For the second quarter of 2017, Methanex (TSX:MX) (NASDAQ:MEOH) reported net income attributable to Methanex shareholders of \$84 million (\$0.89 per common share on a diluted basis) compared to net income of \$132 million (\$1.46 per common share on a diluted basis) in the first quarter of 2017. Adjusted EBITDA for the second quarter of 2017 was \$174 million and Adjusted net income was \$74 million (\$0.85 per common share). This compares with Adjusted EBITDA of \$267 million and Adjusted net income of \$140 million (\$1.56 per common share) for the first quarter of 2017.

John Floren, President and CEO of Methanex commented, "The lower Adjusted EBITDA and earnings in the second quarter reflects primarily the decline in methanol prices we saw during the quarter. Our average realized methanol price decreased \$38 per tonne in the quarter to \$327 per tonne, which compares to \$365 per tonne realized in the first quarter of 2017. Sales of produced methanol in the second quarter were 1.79 million tonnes, relatively unchanged compared to the first quarter. Heading into the third quarter, we are encouraged to see some stability in global methanol prices."

"During the quarter we returned \$141 million to shareholders through dividends and share repurchases. To date we have repurchased 3,755,000 common shares for approximately \$168 million since commencement of our normal course issuer bid on March 13, 2017. We announced today that the Board of Directors approved an amendment to the normal course issuer bid which increases the number of common shares that may be purchased from 4,492,141 to 6,152,358 common shares, representing 10% of the public float at the time of the announcement of the bid and the maximum number of common shares that may be purchased under this bid. The increased bid illustrates the Company's commitment to return excess cash to shareholders."

"We continue to be optimistic that our underutilized 1.7 million tonne Chile facilities represent a very low capital cost growth opportunity for Methanex due to the significant progress in developing natural gas reserves in the area. We have low capital and financing requirements in the medium term, and we have the ability to generate significant free cash flow at a wide range of methanol prices. With \$361 million of cash on hand at the end of the second quarter, a revolving credit facility, a robust balance sheet, and strong cash generation capability, we believe we are well positioned to meet our financial commitments, pursue our near-term growth opportunities in Chile and deliver on our commitment to return excess cash to shareholders through dividends and share repurchases," Floren said.

### FURTHER INFORMATION

The information set forth in this news release summarizes Methanex's key financial and operational data for the second quarter of 2017. It is not a complete source of information for readers and is not in any way a substitute for reading the second quarter 2017 Management's Discussion and Analysis ("MD&A") dated July 26, 2017 and the unaudited condensed consolidated interim financial statements for the period ended June 30, 2017, both of which are available from the Investor Relations section of our website at [www.methanex.com](http://www.methanex.com). The MD&A and the unaudited condensed consolidated interim financial statements for the period ended June 30, 2017 are also available on the Canadian Securities Administrators' SEDAR website at [www.sedar.com](http://www.sedar.com) and on the United States Securities and Exchange Commission's EDGAR website at [www.sec.gov](http://www.sec.gov).



## FINANCIAL AND OPERATIONAL DATA

|                                                                          | Three Months Ended |        |        | Six Months Ended |        |
|--------------------------------------------------------------------------|--------------------|--------|--------|------------------|--------|
|                                                                          | Jun 30             | Mar 31 | Jun 30 | Jun 30           | Jun 30 |
| (\$ millions except per share amounts and where noted)                   | 2017               | 2017   | 2016   | 2017             | 2016   |
| Production (thousands of tonnes) (attributable to Methanex shareholders) | 1,614              | 1,866  | 1,770  | 3,480            | 3,409  |
| Sales volume (thousands of tonnes)                                       |                    |        |        |                  |        |
| Methanex-produced methanol                                               | 1,790              | 1,756  | 1,689  | 3,546            | 3,218  |
| Purchased methanol                                                       | 387                | 512    | 533    | 899              | 955    |
| Commission sales                                                         | 297                | 304    | 140    | 601              | 308    |
| Total sales volume <sup>1</sup>                                          | 2,474              | 2,572  | 2,362  | 5,046            | 4,481  |
| Methanex average non-discounted posted price (\$ per tonne) <sup>2</sup> | 398                | 437    | 260    | 418              | 266    |
| Average realized price (\$ per tonne) <sup>3</sup>                       | 327                | 365    | 223    | 347              | 227    |
| Revenue                                                                  | 669                | 810    | 468    | 1,480            | 903    |
| Adjusted revenue                                                         | 716                | 832    | 496    | 1,548            | 946    |
| Adjusted EBITDA                                                          | 174                | 267    | 38     | 441              | 74     |
| Cash flows from operating activities                                     | 250                | 221    | 34     | 470              | 104    |
| Adjusted net income (loss)                                               | 74                 | 140    | (31)   | 214              | (55)   |
| Net income (loss) (attributable to Methanex shareholders)                | 84                 | 132    | (3)    | 216              | (26)   |
| Adjusted net income (loss) per common share                              | 0.85               | 1.56   | (0.34) | 2.40             | (0.62) |
| Basic net income (loss) per common share                                 | 0.96               | 1.47   | (0.03) | 2.43             | (0.29) |
| Diluted net income (loss) per common share                               | 0.89               | 1.46   | (0.08) | 2.39             | (0.34) |
| Common share information (millions of shares)                            |                    |        |        |                  |        |
| Weighted average number of common shares                                 | 88                 | 90     | 90     | 89               | 90     |
| Diluted weighted average number of common shares                         | 88                 | 90     | 90     | 89               | 90     |
| Number of common shares outstanding, end of period                       | 87                 | 89     | 90     | 87               | 90     |

Methanex-produced methanol represents our equity share of volume produced at our facilities and excludes volume marketed on a commission basis related to the 36.9% of the Atlas facility and 50% of the Egypt facility that we do not own. Methanex-produced methanol includes any volume produced by Chile using natural gas supplied from Argentina under a tolling arrangement ("Tolling Volume"). There has been no Tolling Volume produced since the fourth quarter of 2015.

Methanex average non-discounted posted price represents the average of our non-discounted posted prices in North America, Europe and Asia Pacific weighted by sales volume. Current and historical pricing information is available at [www.methanex.com](http://www.methanex.com).

Average realized price is calculated as revenue, excluding commissions earned and the Egypt non-controlling interest share of revenue, but including an amount representing our share of Atlas revenue, divided by the total sales volume of Methanex-produced and purchased methanol, but excluding Tolling Volume.

A reconciliation from net income (loss) attributable to Methanex shareholders to Adjusted net income (loss) and the calculation of Adjusted net income (loss) per common share is as follows:

| (\$ millions except number of shares and per share amounts)   | Three Months Ended |                |                | Six Months Ended |                |
|---------------------------------------------------------------|--------------------|----------------|----------------|------------------|----------------|
|                                                               | Jun 30<br>2017     | Mar 31<br>2017 | Jun 30<br>2016 | Jun 30<br>2017   | Jun 30<br>2016 |
| Net income (loss) (attributable to Methanex shareholders)     | \$84               | \$ 132         | \$(3 )         | \$216            | \$(26 )        |
| Mark-to-market impact of share-based compensation, net of tax | (10 )              | 8              | (7 )           | (2 )             | (8 )           |
| Argentina gas settlement, net of tax                          | —                  | —              | (21 )          | —                | (21 )          |
| Adjusted net income (loss)                                    | \$74               | \$ 140         | \$(31 )        | \$214            | \$(55 )        |
| Diluted weighted average shares outstanding (millions)        | 88                 | 90             | 90             | 89               | 90             |
| Adjusted net income (loss) per common share                   | \$0.85             | \$ 1.56        | \$(0.34)       | \$2.40           | \$(0.62)       |

We recorded net income attributable to Methanex shareholders of \$84 million during the second quarter of 2017 compared to net income of \$132 million in the first quarter of 2017. The decrease in earnings is primarily due to a decrease in our average realized methanol price during the second quarter. Our average realized price decreased to \$327 per tonne for the second quarter of 2017 from \$365 per tonne for the first quarter of 2017.

We recorded Adjusted EBITDA of \$174 million for the second quarter of 2017 compared with \$267 million for the first quarter of 2017. Adjusted net income was \$74 million for the second quarter of 2017 compared to Adjusted net income of \$140 million for the first quarter of 2017.

Total sales volume for the second quarter of 2017 was 2,474,000 tonnes compared with 2,572,000 tonnes for the first quarter of 2017. Sales of Methanex-produced methanol were 1,790,000 tonnes in the second quarter of 2017 compared with 1,756,000 tonnes in the first quarter of 2017.

Cash flows from operating activities in the second quarter of 2017 were \$250 million compared with \$221 million for the first quarter of 2017, an increase of \$29 million. Cash flows from operating activities in the quarter increased despite a decrease in Adjusted EBITDA primarily as a result of a reduction in non-cash working capital.

Our planned capital expenditures directed towards maintenance, turnarounds and catalyst changes for operations, including our 63.1% share of Atlas and 50% of Egypt, is currently estimated to be approximately \$40 million to the end of 2017.

We announced today that the Board of Directors approved an amendment to the normal course issuer bid which increases the number of common shares that may be purchased from 4,492,141 to 6,152,358 common shares, representing 10% of the public float at the time of the announcement of the bid and the maximum number of common shares that may be purchased under this bid. To date we have repurchased 3,755,000 common shares under the current bid for approximately \$168 million.

During the second quarter of 2017 we paid a \$0.30 per common share dividend to shareholders for a total of \$26 million.

## PRODUCTION HIGHLIGHTS

|                                           | Q2 2017                         |            | Q1 2017    | Q2 2016    | YTD Q2 2017 | YTD Q2 2016 |
|-------------------------------------------|---------------------------------|------------|------------|------------|-------------|-------------|
| (thousands of tonnes)                     | Operating Capacity <sup>1</sup> | Production | Production | Production | Production  | Production  |
| New Zealand <sup>2</sup>                  | 608                             | 350        | 533        | 577        | 883         | 1,086       |
| Geismar (USA)                             | 500                             | 437        | 493        | 527        | 930         | 1,010       |
| Trinidad (Methanex interest) <sup>3</sup> | 500                             | 449        | 396        | 417        | 845         | 730         |
| Egypt (50% interest)                      | 158                             | 159        | 159        | 53         | 318         | 128         |
| Medicine Hat (Canada)                     | 150                             | 159        | 118        | 123        | 277         | 282         |
| Chile <sup>4</sup>                        | 220                             | 60         | 167        | 73         | 227         | 173         |
|                                           | 2,136                           | 1,614      | 1,866      | 1,770      | 3,480       | 3,409       |

Operating capacity includes only those facilities which are currently capable of operating, but excludes any portion of an asset that is underutilized due to a lack of natural gas feedstock over a prolonged period of time. Our current annual operating capacity is 8.5 million tonnes, including 0.9 million tonnes related to our Chile operations. The

<sup>1</sup> operating capacity of our production facilities may be higher than original nameplate capacity as, over time, these figures have been adjusted to reflect ongoing operating efficiencies at these facilities. Actual production for a facility in any given year may be higher or lower than operating capacity due to a number of factors, including natural gas composition or the age of the facility's catalyst.

<sup>2</sup> The operating capacity of New Zealand is made up of the two Motunui facilities and the Waitara Valley facility.

<sup>3</sup> The operating capacity of Trinidad is made up of the Titan (100% interest) and Atlas (63.1% interest) facilities.

<sup>4</sup> The production capacity of our Chile I and IV facilities is 1.7 million tonnes annually assuming access to natural gas feedstock.

Key production and operational highlights during the second quarter include:

New Zealand production was 350,000 tonnes, impacted mainly as a result of a planned turnaround at the Motunui 1 facility.

Geismar production was 437,000 tonnes, impacted by planned maintenance activities.

Trinidad production was 449,000 tonnes. We continue to experience gas curtailments in Trinidad with gas availability in the second quarter of 2017 at improved levels compared to the first quarter of 2017.

Egypt production was 159,000 tonnes (Methanex share). The plant continued to run at high rates in the quarter.

Medicine Hat production was 159,000 tonnes. The plant was shut down for repairs for part of the first quarter of 2017 and since restart has operated at high rates.

Chile production was 60,000 tonnes, produced using only natural gas supply from Chile. Production was impacted by lower gas deliveries during the southern hemisphere winter months and a mechanical issue.

#### CONFERENCE CALL

A conference call is scheduled for July 27, 2017 at 12:00 noon ET (9:00 am PT) to review these second quarter results. To access the call, dial the conferencing operator ten minutes prior to the start of the call at (416) 340-2216, or toll free at (800) 273-9672. A simultaneous audio-only webcast of the conference call can be accessed from our website at [www.methanex.com](http://www.methanex.com). A playback version of the conference call will be available until August 10, 2017 at (905) 694-9451, or toll free at (800) 408-3053. The passcode for the playback version is 2610963#. The webcast will be available on our website for two weeks following the call.

#### ABOUT METHANEX

Methanex is a Vancouver-based, publicly traded company and is the world's largest producer and supplier of methanol to major international markets. Methanex shares are listed for trading on the Toronto Stock Exchange in Canada under the trading symbol "MX" and on the NASDAQ Global Market in the United States under the trading symbol "MEOH".

#### FORWARD-LOOKING INFORMATION WARNING

This second quarter 2017 press release contains forward-looking statements with respect to us and the chemical industry. By its nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond the Company's control. Readers are cautioned that undue reliance should not be placed on forward-looking information as actual results may vary materially from the forward-looking information. Methanex does not undertake to update, correct or revise any forward-looking information as a result of any new information, future events or otherwise, except as may be required by applicable law. Refer to Forward-Looking Information Warning in the second quarter 2017 Management's Discussion and Analysis for more information which is available from the Investor Relations section of our website at [www.methanex.com](http://www.methanex.com), the Canadian Securities Administrators' SEDAR website at [www.sedar.com](http://www.sedar.com) and on the United States Securities and Exchange Commission's EDGAR website at [www.sec.gov](http://www.sec.gov).

#### NON-GAAP MEASURES

The Company has used the terms Adjusted EBITDA, Adjusted net income (loss), Adjusted net income (loss) per common share, Adjusted revenue, and operating income throughout this document. These items are non-GAAP measures that do not have any standardized meaning prescribed by GAAP. These measures represent the amounts that are attributable to Methanex Corporation shareholders and are calculated by excluding the mark-to-market impact of share-based compensation as a result of changes in our share price and the impact of certain items associated with specific identified events. Refer to Additional Information - Supplemental Non-GAAP measures on page 12 of the Company's MD&A for the period ended June 30, 2017 for reconciliations to the most comparable GAAP measures. Unless otherwise indicated, the financial information presented in this release is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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For further information, contact:

Sandra Daycock  
Director, Investor Relations  
Methanex Corporation  
604-661-2600

|                                                                                                                                                        |                                                                                                                                                                      |                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management's Discussion and Analysis for the Three and Six Months Ended June 30, 2017                                                                  | Share Information                                                                                                                                                    | Investor Information                                                                                                                                      |
| At July 26, 2017 the Company had 86,124,058 common shares issued and outstanding and stock options exercisable for 2,002,622 additional common shares. | Methanex Corporation's common shares are listed for trading on the Toronto Stock Exchange under the symbol MX and on the Nasdaq Global Market under the symbol MEOH. | All financial reports, news releases and corporate information can be accessed on our website at <a href="http://www.methanex.com">www.methanex.com</a> . |
|                                                                                                                                                        | Transfer Agents & Registrars                                                                                                                                         | Contact Information                                                                                                                                       |
|                                                                                                                                                        | CST Trust Company                                                                                                                                                    | Methanex Investor Relations                                                                                                                               |
|                                                                                                                                                        | 320 Bay Street                                                                                                                                                       | 1800 - 200 Burrard Street                                                                                                                                 |
|                                                                                                                                                        | Toronto, Ontario Canada M5H 4A6                                                                                                                                      | Vancouver, BC Canada V6C 3M1                                                                                                                              |
|                                                                                                                                                        | Toll free in North America: 1-800-387-0825                                                                                                                           | E-mail: <a href="mailto:invest@methanex.com">invest@methanex.com</a>                                                                                      |
|                                                                                                                                                        |                                                                                                                                                                      | Methanex Toll-Free: 1-800-661-8851                                                                                                                        |

## SECOND QUARTER MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Except where otherwise noted, all currency amounts are stated in United States dollars.

### FINANCIAL AND OPERATIONAL HIGHLIGHTS

A reconciliation from net income (loss) attributable to Methanex shareholders to Adjusted net income (loss) and the calculation of Adjusted net income (loss) per common share is as follows:

|                                                               | Three Months Ended |             |             | Six Months Ended |             |
|---------------------------------------------------------------|--------------------|-------------|-------------|------------------|-------------|
|                                                               | Jun 30 2017        | Mar 31 2017 | Jun 30 2016 | Jun 30 2017      | Jun 30 2016 |
| (\$ millions except number of shares and per share amounts)   |                    |             |             |                  |             |
| Net income (loss) (attributable to Methanex shareholders)     | \$84               | \$ 132      | \$(3 )      | \$216            | \$(26 )     |
| Mark-to-market impact of share-based compensation, net of tax | (10 )              | 8           | (7 )        | (2 )             | (8 )        |
| Argentina gas settlement, net of tax                          | —                  | —           | (21 )       | —                | (21 )       |
| Adjusted net income (loss) <sup>1</sup>                       | \$74               | \$ 140      | \$(31 )     | \$214            | \$(55 )     |
| Diluted weighted average shares outstanding (millions)        | 88                 | 90          | 90          | 89               | 90          |
| Adjusted net income (loss) per common share <sup>1</sup>      | \$0.85             | \$ 1.56     | \$(0.34)    | \$2.40           | \$(0.62)    |

The Company has used the terms Adjusted EBITDA, Adjusted net income (loss), Adjusted net income (loss) per common share, Adjusted revenue, and operating income throughout this document. These items are non-GAAP measures that do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. Refer to Additional Information - Supplemental Non-GAAP Measures on page 12 of the MD&A for reconciliations to the most comparable GAAP measures.

We recorded net income attributable to Methanex shareholders of \$84 million during the second quarter of 2017 compared to net income of \$132 million in the first quarter of 2017. The decrease in earnings is primarily due to a decrease in our average realized methanol price during the second quarter. Our average realized price decreased to \$327 per tonne for the second quarter of 2017 from \$365 per tonne for the first quarter of 2017.

We recorded Adjusted EBITDA of \$174 million for the second quarter of 2017 compared with \$267 million for the first quarter of 2017. Adjusted net income was \$74 million for the second quarter of 2017 compared to Adjusted net income of \$140 million for the first quarter of 2017.

Production for the second quarter of 2017 was 1,614,000 tonnes compared with 1,866,000 tonnes for the first quarter of 2017. Refer to the Production Summary section on page 3 of the MD&A.

Total sales volume for the second quarter of 2017 was 2,474,000 tonnes compared with 2,572,000 tonnes for the first quarter of 2017. Sales of Methanex-produced methanol were 1,790,000 tonnes in the second quarter of 2017 compared with 1,756,000 tonnes in the first quarter of 2017.

We announced today that the Board of Directors approved an amendment to the normal course issuer bid which increases the number of common shares that may be purchased from 4,492,141 to 6,152,358 common shares, representing 10% of the public float at the time of the announcement of the bid and the maximum number of common shares that may be purchased under this bid. To date we have repurchased 3,755,000 common shares under the current bid for approximately \$168 million.

METHANEX CORPORATION 2017 SECOND QUARTER PAGE 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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During the second quarter of 2017 we paid a \$0.30 per common share dividend to shareholders for a total of \$26 million.

This Second Quarter 2017 Management's Discussion and Analysis dated July 26, 2017 for Methanex Corporation ("the Company") should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the period ended June 30, 2017 as well as the 2016 Annual Consolidated Financial Statements and MD&A included in the Methanex 2016 Annual Report. Unless otherwise indicated, the financial information presented in this interim report is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Methanex 2016 Annual Report and additional information relating to Methanex is available on our website at [www.methanex.com](http://www.methanex.com), the Canadian Securities Administrators' SEDAR website at [www.sedar.com](http://www.sedar.com) and on the United States Securities and Exchange Commission's EDGAR website at [www.sec.gov](http://www.sec.gov).

## FINANCIAL AND OPERATIONAL DATA

|                                                                          | Three Months Ended |        |        | Six Months Ended |        |
|--------------------------------------------------------------------------|--------------------|--------|--------|------------------|--------|
|                                                                          | Jun 30             | Mar 31 | Jun 30 | Jun 30           | Jun 30 |
|                                                                          | 2017               | 2017   | 2016   | 2017             | 2016   |
| (\$ millions except per share amounts and where noted)                   |                    |        |        |                  |        |
| Production (thousands of tonnes) (attributable to Methanex shareholders) | 1,614              | 1,866  | 1,770  | 3,480            | 3,409  |
| Sales volume (thousands of tonnes)                                       |                    |        |        |                  |        |
| Methanex-produced methanol                                               | 1,790              | 1,756  | 1,689  | 3,546            | 3,218  |
| Purchased methanol                                                       | 387                | 512    | 533    | 899              | 955    |
| Commission sales                                                         | 297                | 304    | 140    | 601              | 308    |
| Total sales volume <sup>1</sup>                                          | 2,474              | 2,572  | 2,362  | 5,046            | 4,481  |
| Methanex average non-discounted posted price (\$ per tonne) <sup>2</sup> | 398                | 437    | 260    | 418              | 266    |
| Average realized price (\$ per tonne) <sup>3</sup>                       | 327                | 365    | 223    | 347              | 227    |
| Revenue                                                                  | 669                | 810    | 468    | 1,480            | 903    |
| Adjusted revenue                                                         | 716                | 832    | 496    | 1,548            | 946    |
| Adjusted EBITDA                                                          | 174                | 267    | 38     | 441              | 74     |
| Cash flows from operating activities                                     | 250                | 221    | 34     | 470              | 104    |
| Adjusted net income (loss)                                               | 74                 | 140    | (31)   | 214              | (55)   |
| Net income (loss) (attributable to Methanex shareholders)                | 84                 | 132    | (3)    | 216              | (26)   |
| Adjusted net income (loss) per common share                              | 0.85               | 1.56   | (0.34) | 2.40             | (0.62) |
| Basic net income (loss) per common share                                 | 0.96               | 1.47   | (0.03) | 2.43             | (0.29) |
| Diluted net income (loss) per common share                               | 0.89               | 1.46   | (0.08) | 2.39             | (0.34) |
| Common share information (millions of shares)                            |                    |        |        |                  |        |
| Weighted average number of common shares                                 | 88                 | 90     | 90     | 89               | 90     |
| Diluted weighted average number of common shares                         | 88                 | 90     | 90     | 89               | 90     |
| Number of common shares outstanding, end of period                       | 87                 | 89     | 90     | 87               | 90     |

Methanex-produced methanol represents our equity share of volume produced at our facilities and excludes volume marketed on a commission basis related to the 36.9% of the Atlas facility and 50% of the Egypt facility that we do not own. Methanex-produced methanol includes any volume produced by Chile using natural gas supplied from Argentina under a tolling arrangement ("Tolling Volume"). There has been no Tolling Volume produced since the fourth quarter of 2015.

Methanex average non-discounted posted price represents the average of our non-discounted posted prices in North America, Europe and Asia Pacific weighted by sales volume. Current and historical pricing information is available at [www.methanex.com](http://www.methanex.com).

<sup>3</sup> Average realized price is calculated as revenue, excluding commissions earned and the Egypt non-controlling interest share of revenue, but including an amount representing our share of Atlas revenue, divided by the total sales volume of Methanex-produced and purchased methanol, but excluding Tolling Volume.

METHANEX CORPORATION 2017 SECOND QUARTER PAGE 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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## PRODUCTION SUMMARY

|                                           | Q2 2017                         | Q1 2017    | Q2 2016    | YTD Q2 2017 | YTD Q2 2016 |
|-------------------------------------------|---------------------------------|------------|------------|-------------|-------------|
| (thousands of tonnes)                     | Operating Capacity <sup>1</sup> | Production | Production | Production  | Production  |
| New Zealand <sup>2</sup>                  | 608                             | 350        | 533        | 577         | 883         |
| Geismar (USA)                             | 500                             | 437        | 493        | 527         | 930         |
| Trinidad (Methanex interest) <sup>3</sup> | 500                             | 449        | 396        | 417         | 845         |
| Egypt (50% interest)                      | 158                             | 159        | 159        | 53          | 318         |
| Medicine Hat (Canada)                     | 150                             | 159        | 118        | 123         | 277         |
| Chile <sup>4</sup>                        | 220                             | 60         | 167        | 73          | 227         |
|                                           | 2,136                           | 1,614      | 1,866      | 1,770       | 3,480       |
|                                           |                                 |            |            |             | 3,409       |

Operating capacity includes only those facilities which are currently capable of operating, but excludes any portion of an asset that is underutilized due to a lack of natural gas feedstock over a prolonged period of time. Our current annual operating capacity is 8.5 million tonnes, including 0.9 million tonnes related to our Chile operations. The

<sup>1</sup> operating capacity of our production facilities may be higher than original nameplate capacity as, over time, these figures have been adjusted to reflect ongoing operating efficiencies at these facilities. Actual production for a facility in any given year may be higher or lower than operating capacity due to a number of factors, including natural gas composition or the age of the facility's catalyst.

<sup>2</sup> The operating capacity of New Zealand is made up of the two Motunui facilities and the Waitara Valley facility (refer to the New Zealand section below).

<sup>3</sup> The operating capacity of Trinidad is made up of the Titan (100% interest) and Atlas (63.1% interest) facilities (refer to the Trinidad section below).

<sup>4</sup> The production capacity of our Chile I and IV facilities is 1.7 million tonnes annually assuming access to natural gas feedstock.

## New Zealand

The New Zealand facilities produced 350,000 tonnes of methanol in the second quarter of 2017 compared with 533,000 tonnes in the first quarter of 2017. During the second quarter of 2017 production was impacted mainly as a result of a planned turnaround at the Motunui 1 facility. The New Zealand facilities are capable of producing up to 2.4 million tonnes annually, depending on natural gas composition.

## United States

The Geismar facilities produced 437,000 tonnes during the second quarter of 2017 compared to 493,000 tonnes during the first quarter of 2017. Lower production in the second quarter of 2017 as compared to the first quarter of 2017 was a result of planned maintenance activities undertaken at both of the Geismar plants. Maintenance activities were completed at Geismar 1 in May and at Geismar 2 in mid-July 2017.

## Trinidad

The Trinidad facilities produced 449,000 tonnes (Methanex interest) in the second quarter of 2017 compared with 396,000 tonnes (Methanex interest) in the first quarter of 2017. We continue to experience gas curtailments in Trinidad with gas availability in the second quarter of 2017 at improved levels compared to the first quarter of 2017.

## Egypt

The Egypt facility produced 318,000 tonnes (Methanex share - 159,000 tonnes) in the second quarter of 2017 compared to 318,000 tonnes (Methanex share - 159,000 tonnes) in the first quarter of 2017. The plant continued to run at high rates in the quarter.

The Egypt facility has experienced periodic natural gas supply restrictions since mid-2012. Gas deliveries in 2017 have improved significantly compared to 2016. We are optimistic that the strong efforts by Egyptian governmental entities to fast-track existing and new upstream gas supply in Egypt are leading to improved gas deliveries and an improved outlook for gas deliveries in the medium term.



#### Canada

The Medicine Hat facility produced 159,000 tonnes during the second quarter of 2017 compared with 118,000 tonnes during the first quarter of 2017. The plant was shut down for repairs for part of the first quarter of 2017 and since restart has operated at high rates.

#### Chile

The Chile facility produced 60,000 tonnes during the second quarter of 2017, produced using only natural gas supplies from Chile, compared to 167,000 tonnes during the first quarter of 2017. Lower gas deliveries during the southern hemisphere winter months and a mechanical issue at the plant resulted in lower production during the second quarter of 2017. Based on our current view of gas availability in Chile, we believe that there is sufficient gas for us to continue to operate through the remainder of the southern hemisphere winter at reduced rates.

The future of our Chile operations is primarily dependent on the level of natural gas exploration and development in southern Chile and our ability to secure a sustainable natural gas supply to our facilities on economic terms from Chile and Argentina. We continue to be optimistic that our underutilized 1.7 million tonne Chile facilities represent a very low capital cost growth opportunity for Methanex due to the significant progress in developing natural gas reserves in the area.

#### FINANCIAL RESULTS

For the second quarter of 2017, we reported net income attributable to Methanex shareholders of \$84 million (\$0.89 per common share on a diluted basis) compared with net income attributable to Methanex shareholders for the first quarter of 2017 of \$132 million (\$1.46 per common share on a diluted basis).

For the second quarter of 2017, we recorded Adjusted EBITDA of \$174 million and Adjusted net income of \$74 million (\$0.85 per common share). This compares with Adjusted EBITDA of \$267 million and Adjusted net income of \$140 million (\$1.56 per common share) for the first quarter of 2017.

We calculate Adjusted EBITDA and Adjusted net income (loss) by including amounts related to our equity share of the Atlas facility (63.1% interest) and by excluding the non-controlling interests' share, the mark-to-market impact of share-based compensation as a result of changes in our share price and the impact of certain items associated with specific identified events. Refer to Additional Information - Supplemental Non-GAAP Measures on page 12 of the MD&A for a further discussion on how we calculate these measures. Our analysis of depreciation and amortization, finance costs, finance income and other expenses, and income taxes is consistent with the presentation of our consolidated statements of income and excludes amounts related to Atlas.

We review our financial results by analyzing changes in Adjusted EBITDA, mark-to-market impact of share-based compensation, depreciation and amortization, finance costs, finance income and other expenses, and income taxes. A summary of our consolidated statements of income (loss) is as follows:

| (\$ millions)                                                                   | Three Months Ended |             |             | Six Months Ended |             |
|---------------------------------------------------------------------------------|--------------------|-------------|-------------|------------------|-------------|
|                                                                                 | Jun 30 2017        | Mar 31 2017 | Jun 30 2016 | Jun 30 2017      | Jun 30 2016 |
| Consolidated statements of income (loss):                                       |                    |             |             |                  |             |
| Revenue                                                                         | \$669              | \$810       | \$468       | \$1,480          | \$903       |
| Cost of sales and operating expenses                                            | (502)              | (559)       | (430)       | (1,062)          | (834)       |
| Mark-to-market impact of share-based compensation                               | (12)               | 10          | (8)         | (2)              | (9)         |
| Adjusted EBITDA (attributable to associate)                                     | 41                 | 34          | 13          | 75               | 21          |
| Amounts excluded from Adjusted EBITDA attributable to non-controlling interests | (22)               | (28)        | (5)         | (50)             | (7)         |
| Adjusted EBITDA (attributable to Methanex shareholders)                         | 174                | 267         | 38          | 441              | 74          |
| Mark-to-market impact of share-based compensation                               | 12                 | (10)        | 8           | 2                | 9           |
| Depreciation and amortization                                                   | (61)               | (56)        | (58)        | (117)            | (111)       |
| Argentina gas settlement                                                        | —                  | —           | 33          | —                | 33          |
| Finance costs                                                                   | (24)               | (23)        | (22)        | (47)             | (43)        |
| Finance income and other expenses                                               | 6                  | —           | —           | 6                | 3           |
| Income tax recovery (expense)                                                   | (9)                | (38)        | —           | (47)             | 10          |
| Earnings of associate adjustment <sup>1</sup>                                   | (19)               | (17)        | (11)        | (36)             | (19)        |
| Non-controlling interests adjustment <sup>1</sup>                               | 5                  | 9           | 9           | 14               | 18          |
| Net income (loss) (attributable to Methanex shareholders)                       | \$84               | \$132       | \$(3)       | \$216            | \$(26)      |
| Net income (loss)                                                               | \$101              | \$151       | \$(7)       | \$252            | \$(38)      |

<sup>1</sup> These adjustments represent depreciation and amortization, finance costs, finance income and other expenses, and income taxes associated with our 63.1% interest in the Atlas methanol facility and the non-controlling interests.

Adjusted EBITDA (attributable to Methanex shareholders)

Our operations consist of a single operating segment - the production and sale of methanol. We review the results of operations by analyzing changes in the components of Adjusted EBITDA. For a discussion of the definitions used in our Adjusted EBITDA analysis, refer to How We Analyze Our Business on page 15 of the MD&A. Changes in these components - average realized price, sales volume, and total cash costs - similarly impact net income or loss attributable to Methanex shareholders.

The changes in Adjusted EBITDA resulted from changes in the following:

| (\$ millions)                          | YTD Q2                        |                               |                                |
|----------------------------------------|-------------------------------|-------------------------------|--------------------------------|
|                                        | Q2 2017 compared with Q1 2017 | Q2 2017 compared with Q2 2016 | 2017 compared with YTD Q2 2016 |
| Average realized price                 | \$ (81)                       | \$ 231                        | \$ 540                         |
| Sales volume                           | (12)                          | (2)                           | 11                             |
| Total cash costs                       | —                             | (93)                          | (184)                          |
| Increase (decrease) in Adjusted EBITDA | \$ (93)                       | \$ 136                        | \$ 367                         |



## Average realized price

|                                              | Three Months Ended |        |        | Six Months Ended |        |
|----------------------------------------------|--------------------|--------|--------|------------------|--------|
|                                              | Jun 30             | Mar 31 | Jun 30 | Jun 30           | Jun 30 |
| (\$ per tonne)                               | 2017               | 2017   | 2016   | 2017             | 2016   |
| Methanex average non-discounted posted price | 398                | 437    | 260    | 418              | 266    |
| Methanex average realized price              | 327                | 365    | 223    | 347              | 227    |

Methanex's average realized price for the second quarter of 2017 decreased compared to the first quarter of 2017. The realized discount in the second quarter of 2017 was higher than the realized discount in the first quarter of 2017 and higher than the second quarter of 2016. Our realized discounts tend to increase in periods where methanol prices decrease quickly, as was experienced in the second quarter (refer to Supply/Demand Fundamentals section on page 10 of the MD&A for more information). Our average realized price for the second quarter of 2017 was \$327 per tonne compared with \$365 per tonne in the first quarter of 2017 and \$223 per tonne in the second quarter of 2016. The decrease in average realized price for the second quarter of 2017 compared with the first quarter of 2017 decreased Adjusted EBITDA \$81 million, and the increase in average realized price for the second quarter of 2017 compared with the second quarter of 2016 increased Adjusted EBITDA by \$231 million.

For the six months ended June 30, 2017, Methanex's average non-discounted posted price increased to \$418 per tonne from \$266 per tonne for same period in 2016. Our average realized price increased to \$347 per tonne for the six months ended June 30, 2017 from \$227 per tonne for the same period in 2016. This change in average realized price increased Adjusted EBITDA by \$540 million.

## Sales volume

Methanol sales volume excluding commission sales volume in the second quarter of 2017 was 91,000 tonnes lower than the first quarter of 2017 and 45,000 tonnes lower than the second quarter of 2016. The decrease in the second quarter of 2017 compared to the first quarter of 2017 and the second quarter of 2016 decreased Adjusted EBITDA by \$12 million and \$2 million, respectively. For the six months ended June 30, 2017 compared with the same period in 2016, methanol sales volume excluding commission sales volume was 272,000 tonnes higher and this resulted in higher Adjusted EBITDA by \$11 million.

## Total cash costs

The primary drivers of changes in our total cash costs are changes in the cost of Methanex-produced methanol and changes in the cost of methanol we purchase from others ("purchased methanol"). More than half of our production is underpinned by natural gas purchase agreements with pricing terms that include base and variable price components linked to the price of methanol. We supplement our production with methanol produced by others through methanol offtake contracts and purchases on the spot market to meet customer needs and to support our marketing efforts within the major global markets.

We have adopted the first-in, first-out method of accounting for inventories and it generally takes between 30 and 60 days to sell the methanol we produce or purchase. Accordingly, the changes in Adjusted EBITDA as a result of changes in Methanex-produced and purchased methanol costs primarily depend on changes in methanol pricing and the timing of inventory flows.

In a rising price environment, our margins at a given price are higher than in a stable price environment as a result of timing of methanol purchases and production versus sales. Generally, the opposite applies when methanol prices are decreasing.



The changes in our total cash costs were due to the following:

|                                                |          |          | YTD Q2    |
|------------------------------------------------|----------|----------|-----------|
|                                                | Q2 2017  | Q2 2017  | 2017      |
|                                                | compared | compared | compared  |
|                                                | with     | with     | with      |
| (\$ millions)                                  | Q1 2017  | Q2 2016  | YTD Q2    |
|                                                |          |          | 2016      |
| Methanex-produced methanol costs               | \$ (14 ) | \$ (43 ) | \$ (70 )  |
| Proportion of Methanex-produced methanol sales | 17       | 5        | 6         |
| Purchased methanol costs                       | (8 )     | (61 )    | (122 )    |
| Other, net                                     | 5        | 6        | 2         |
| Increase in total cash costs                   | \$ —     | \$ (93 ) | \$ (184 ) |

#### Methanex-produced methanol costs

Natural gas is the primary feedstock at our methanol facilities and is the most significant component of Methanex-produced methanol costs. We purchase natural gas for more than half of our production under agreements where the unique terms of each contract include a base price and a variable price component linked to the price of methanol to reduce our commodity price risk exposure. The variable price component of each gas contract is adjusted by a formula related to methanol prices above a certain level. For the three and six months ended June 30, 2017 compared with the same periods in 2016, Methanex-produced methanol costs were higher by \$43 million and \$70 million, respectively, primarily due to the impact of changes in realized methanol prices on the variable portion of our natural gas costs. For the second quarter of 2017 compared with the first quarter of 2017, Methanex-produced methanol costs were higher by \$14 million primarily due to changes in the mix of production sold from inventory.

#### Proportion of Methanex-produced methanol sales

The cost of purchased methanol is directly linked to the selling price for methanol at the time of purchase and the cost of purchased methanol is generally higher than the cost of Methanex-produced methanol. Accordingly, an increase in the proportion of Methanex-produced methanol sales results in a decrease in our overall cost structure for a given period. For the second quarter of 2017 compared with the first quarter of 2017 and the second quarter of 2016, a higher proportion of Methanex-produced methanol sales increased Adjusted EBITDA by \$17 million and \$5 million, respectively. For the six months ended June 30, 2017 compared with the same period in 2016, a higher proportion of Methanex-produced methanol sales increased Adjusted EBITDA by \$6 million.

#### Purchased methanol costs

Changes in purchased methanol costs for all periods presented are primarily a result of changes in methanol pricing and the timing of purchases sold from inventory.

## Mark-to-Market Impact of Share-based Compensation

We grant share-based awards as an element of compensation. Share-based awards granted include stock options, share appreciation rights, tandem share appreciation rights, deferred share units, restricted share units and performance share units. For all share-based awards, share-based compensation is recognized over the related vesting period for the proportion of the service that has been rendered at each reporting date. Share-based compensation includes an amount related to the grant-date value and a mark-to-market impact as a result of subsequent changes in the fair value of the share-based awards primarily driven by the Company's share price. The grant-date value amount is included in Adjusted EBITDA and Adjusted net income. The mark-to-market impact of share-based compensation as a result of changes in our share price is excluded from Adjusted EBITDA and Adjusted net income (loss) and analyzed separately.

|                                                                                          | Three Months Ended |             |             | Six Months Ended |             |
|------------------------------------------------------------------------------------------|--------------------|-------------|-------------|------------------|-------------|
| (\$ millions except share price)                                                         | Jun 30 2017        | Mar 31 2017 | Jun 30 2016 | Jun 30 2017      | Jun 30 2016 |
| Methanex Corporation share price <sup>1</sup>                                            | \$44.05            | \$46.90     | \$29.10     | \$44.05          | \$29.10     |
| Grant-date fair value expense included in Adjusted EBITDA and Adjusted net income (loss) | 4                  | 3           | 4           | 7                | 8           |
| Mark-to-market impact due to change in share price                                       | (12)               | )10         | (8)         | ) (2             | ) (9        |
| Total share-based compensation expense (recovery), before tax                            | \$(8)              | )\$13       | \$(4)       | ) \$5            | \$(1)       |

<sup>1</sup> US dollar share price of Methanex Corporation as quoted on the NASDAQ Global Market on the last trading day of the respective period.

For all periods presented, the mark-to-market impact on share-based compensation is primarily due to changes in the Methanex Corporation share price.

## Depreciation and Amortization

Depreciation and amortization was \$61 million for the second quarter of 2017 compared with \$56 million for the first quarter of 2017 and \$58 million for the second quarter of 2016. The increase in depreciation and amortization for the second quarter of 2017 compared to the first quarter of 2017 is primarily due to higher unabsorbed depreciation recognized for production sites impacted by production outages. Depreciation and amortization for the six months ended June 30, 2017 was \$117 million compared with \$111 million for the same period in 2016. This increase is primarily related to depreciation on two ocean going vessels which the Company took delivery of in mid-2016 and higher sales of Methanex-produced methanol.

## Finance Costs

|               | Three Months Ended |             |             | Six Months Ended |             |
|---------------|--------------------|-------------|-------------|------------------|-------------|
| (\$ millions) | Jun 30 2017        | Mar 31 2017 | Jun 30 2016 | Jun 30 2017      | Jun 30 2016 |
| Finance costs | \$24               | \$ 23       | \$ 22       | \$47             | \$ 43       |

Finance costs are primarily comprised of interest on the unsecured notes, limited recourse debt facilities and finance lease obligations. Finance costs for the second quarter of 2017 are comparable to those for the first quarter of 2017. The increase in finance costs for the three and six month periods ended June 30, 2017 compared to the same periods in 2016 is primarily due to interest incurred relating to ocean going vessels treated as finance leases.

## Finance Income and Other Expenses

|  | Three Months Ended | Six Months |
|--|--------------------|------------|
|--|--------------------|------------|

|                                   | Ended       |             |             |             |
|-----------------------------------|-------------|-------------|-------------|-------------|
| (\$ millions)                     | Jun 30 2017 | Mar 31 2017 | Jun 30 2016 | Jun 30 2016 |
| Finance income and other expenses | \$ 6        | \$ —        | \$ 6        | \$ 3        |

The change in finance income and other expenses for all periods presented is primarily due to the impact of changes in foreign exchange rates.

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## Income Taxes

A summary of our income taxes for the second quarter of 2017 compared to the first quarter of 2017 is as follows:

|                                  | Three months ended<br>June 30, 2017 |                           | Three months ended<br>March 31, 2017 |                           |
|----------------------------------|-------------------------------------|---------------------------|--------------------------------------|---------------------------|
| (\$ millions except where noted) | Net<br>Income                       | Adjusted<br>Net<br>Income | Net<br>Income                        | Adjusted<br>Net<br>Income |
| Amount before income tax         | \$110                               | \$ 93                     | \$189                                | \$ 188                    |
| Income tax expense               | (9 )                                | (19 )                     | (38 )                                | (48 )                     |
|                                  | \$101                               | \$ 74                     | \$151                                | \$ 140                    |
| Effective tax rate               | 8 %                                 | 20 %                      | 20 %                                 | 26 %                      |

We earn the majority of our earnings in New Zealand, Trinidad, the United States, Egypt, Canada and Chile. In Trinidad and Chile, the statutory tax rate is 35%. The statutory rates in Canada and New Zealand are 26.5% and 28%, respectively. The United States statutory tax rate is 36% and the Egypt statutory tax rate is 22.5%. As the Atlas entity is accounted for using the equity method, any income taxes related to Atlas are included in earnings of associate and therefore excluded from total income taxes but included in the calculation of Adjusted net income.

The effective tax rate based on Adjusted net income was 20% for the second quarter of 2017 compared to 26% first quarter of 2017. Adjusted earnings represents the amount that is attributable to Methanex shareholders and excludes the mark-to-market impact of share-based compensation and the impact of certain items associated with specific identified events. The effective tax rate differs from period to period depending on the source of earnings and the impact of foreign exchange fluctuations against the United States dollar on our tax balances. In periods with low income levels, the distribution of income and loss between jurisdictions can result in income tax rates that are not indicative of the longer term corporate tax rate.

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## SUPPLY/DEMAND FUNDAMENTALS

## Demand

Methanol demand in the second quarter of 2017 was relatively flat versus the first quarter of 2017, and was approximately 5% higher compared to the second quarter of 2016. Demand from the MTO sector declined as a number of MTO facilities underwent planned maintenance or experienced technical issues during the quarter. There are three additional MTO units currently under construction with the combined capacity to consume over three million tonnes of methanol annually at full operating rates, and we expect these plants to be completed in 2018. The future operating rates of MTO producers will depend on a number of factors, including pricing for their various final products, the degree of downstream integration of these units with other products, and the impact of the olefin industry feedstock costs, including naphtha, on relative competitiveness. Traditional chemical demand (which accounts for approximately 55% of global methanol demand) continues to be healthy. We believe that growth in demand from traditional chemical applications is generally correlated to GDP and industrial production growth rates.

## Supply

Overall industry supply was relatively flat in the second quarter of 2017 relative to the first quarter of 2017. Maintenance activities at a number of North American and European production facilities kept markets relatively tight in the Atlantic, while production improved in Asia and the Middle East as winter gas constraints eased and unplanned outages were resolved. Supply in China was constrained by a number of methanol plant turnarounds early in the second quarter, but improved as plants returned to production later in the quarter. With respect to capacity additions, OCI N.V. and Consolidated Energy Limited (through its subsidiary G2X Energy) continue to progress their jointly owned Natgasoline project, a 1.8 million tonne plant under construction in Beaumont, Texas. There are a number of other projects under discussion in the United States. Other than one project, Yuhuang Chemical, who have announced that they have secured partial financing for a 1.8 million tonne plant in St. James Parish, Louisiana, we believe that there has been limited committed capital to date. In Iran, there are a number of plants at various stages of construction. We expect just over four million tonnes of capacity to come onstream in Iran over the next two years; however, the start-up timing and future operating rates at these facilities will be dependent on various factors. To the end of 2018, we expect approximately four to five million tonnes of new capacity additions in China. Beyond 2018, we anticipate that new capacity additions in China will be modest due to an increasing degree of restrictions placed by the Chinese government on new coal-based capacity additions. We expect that production from new methanol capacity in China will be consumed domestically.

## Methanol Price

Our average realized price decreased by \$38 per tonne to \$327 per tonne from \$365 per tonne in the first quarter. With overall supply relatively flat, the main driver of the lower methanol pricing was softening demand from the MTO sector stemming from technical issues described above.

Methanex's posted prices moved lower in the second quarter of 2017 and stabilized early in the third quarter of 2017. Contract prices in North America and Asia declined from their March levels of \$499 per tonne and \$500 per tonne, respectively, to \$376 and \$320 per tonne for July and August, 2017. In Europe, the second quarter posted price was €450 per tonne, and declined to €320 per tonne for the third quarter of 2017, in keeping with pricing in North America and Asia. The methanol price will ultimately depend on the strength of the global economy, industry operating rates, global energy prices, new supply additions and the strength of global demand.

Methanex Non-Discounted Regional Posted Prices <sup>1</sup>

| (US\$ per tonne)    | Aug<br>2017 | Jul 2017 | Jun 2017 | May 2017 | Apr 2017 |
|---------------------|-------------|----------|----------|----------|----------|
| North America       | 376         | 376      | 386      | 409      | 442      |
| Europe <sup>2</sup> | 365         | 365      | 480      | 480      | 480      |
| Asia Pacific        | 320         | 320      | 320      | 360      | 390      |

<sup>1</sup> Discounts from our posted prices are offered to customers based on various factors.

<sup>2</sup> €320 for Q3 2017 (Q2 2017 – €450) converted to United States dollars.

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## LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities in the second quarter of 2017 were \$250 million compared with \$221 million for the first quarter of 2017 and \$34 million for the second quarter of 2016. Cash flows from operating activities for the six month period ended June 30, 2017 were \$470 million compared with \$104 million for the same period in 2016. The changes in cash flows from operating activities resulted from changes in the following:

| (\$ millions)                                                     | YTD Q2                                 |                                        |                                            |
|-------------------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------------|
|                                                                   | Q2 2017<br>compared<br>with<br>Q1 2017 | Q2 2017<br>compared<br>with<br>Q2 2016 | 2017<br>compared<br>with<br>YTD Q2<br>2016 |
| Change in Adjusted EBITDA (attributable to Methanex shareholders) | \$ (93                                 | )\$ 136                                | \$ 367                                     |
| Deduct change in Adjusted EBITDA of associate                     | (7                                     | )(28                                   | )(54 )                                     |
| Dividends received from associate                                 | (5                                     | )17                                    | 13                                         |
| Cash flows attributable to non-controlling interests              | (6                                     | )17                                    | 43                                         |
| Non-cash working capital                                          | 130                                    | 97                                     | 28                                         |
| Income taxes paid                                                 | (2                                     | )(5                                    | )(10 )                                     |
| Argentina gas settlement                                          | —                                      | (33                                    | )(33 )                                     |
| Share-based payments                                              | 6                                      | 3                                      | 8                                          |
| Other                                                             | 6                                      | 12                                     | 4                                          |
| Increase in cash flows from operating activities                  | \$ 29                                  | \$ 216                                 | \$ 366                                     |

During the second quarter of 2017 we paid a quarterly dividend of \$0.30 per common share for a total of \$26 million and we repurchased 2.6 million common shares for \$115 million.

We announced today that the Board of Directors approved an amendment to the normal course issuer bid which increases the number of common shares that may be purchased from 4,492,141 to 6,152,358 common shares, representing 10% of the public float at the time of the announcement of the bid and the maximum number of common shares that may be purchased under this bid. To date we have repurchased 3,755,000 common shares under the current bid for approximately \$168 million.

We operate in a highly competitive commodity industry and believe it is appropriate to maintain a strong balance sheet and financial flexibility. At June 30, 2017, our cash balance was \$361 million, including cash related to our Egypt entity consolidated on a 100% basis. We invest our cash only in highly rated instruments that have maturities of three months or less to ensure preservation of capital and appropriate liquidity.

Certain conditions have not been met related to the Egypt limited recourse debt facilities, resulting in a restriction on shareholder distributions from the Egypt entity. At June 30, 2017, the cash balance held in our Egypt entity on a 100% ownership basis was \$109 million. The Egypt entity continues to be able to fully utilize its funds for operating, capital and financing needs, including the repayment of the Egypt limited recourse debt facilities. Refer to note 5 of the Company's unaudited condensed consolidated interim financial statements for further details.

We have a committed revolving credit facility with a syndicate of highly rated financial institutions that expires in December 2019. Refer to note 5 of the Company's unaudited condensed consolidated interim financial statements for further discussion of the terms of the credit facility. We do not have any debt maturities until 2019 other than normal course obligations for principal repayment related to our Egypt and other limited recourse debt facilities.

Over the past 6 months we have been analyzing refurbishing Chile 1 versus restarting our Chile IV plant. We have concluded that restarting the Chile IV plant is our best option. The Board of Directors recently approved \$55 million

for the restart of our idle Chile IV plant. However, prior to initiating major capital spending we need to contract additional natural gas beyond our current commitments through mid-2018. We are optimistic we can contract additional gas at economic prices over the coming months. We will continue to spend a few million dollars to enable the restart of Chile IV targeted for the third quarter of 2018. Our planned capital expenditures directed towards maintenance, turnarounds and catalyst changes for operations, including our 63.1% share of Atlas and 50% of Egypt, is currently estimated to be approximately \$40 million to the end of 2017.

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We believe we are well positioned to meet our financial commitments, pursue our near-term growth opportunities in Chile and deliver on our commitment to return excess cash to shareholders through dividends and share repurchases.

## CONTROLS AND PROCEDURES

During the second quarter of 2017, no changes were made in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## ADDITIONAL INFORMATION – SUPPLEMENTAL NON-GAAP MEASURES

In addition to providing measures prepared in accordance with International Financial Reporting Standards ("IFRS"), we present certain supplemental non-GAAP measures throughout this document. These are Adjusted EBITDA, Adjusted net income (loss), Adjusted net income (loss) per common share, Adjusted revenue, and operating income (loss). These measures do not have any standardized meaning prescribed by generally accepted accounting principles ("GAAP") and therefore are unlikely to be comparable to similar measures presented by other companies. These supplemental non-GAAP measures are provided to assist readers in determining our ability to generate cash from operations and improve the comparability of our results from one period to another. We believe these measures are useful in assessing operating performance and liquidity of the Company's ongoing business on an overall basis. We also believe Adjusted EBITDA is frequently used by securities analysts and investors when comparing our results with those of other companies.

Adjusted EBITDA (attributable to Methanex shareholders)

Adjusted EBITDA differs from the most comparable GAAP measure, net income (loss) attributable to Methanex shareholders, because it excludes the mark-to-market impact of share-based compensation, depreciation and amortization, finance costs, finance income and other expenses, and income taxes. Adjusted EBITDA includes an amount representing our 63.1% share of the Atlas facility and excludes the non-controlling shareholders' interests in entities which we control but do not fully own.

Adjusted EBITDA and Adjusted net income (loss) exclude the mark-to-market impact of share-based compensation related to the impact of changes in our share price on SARs, TSARs, deferred share units, restricted share units and performance share units. The mark-to-market impact related to share-based compensation that is excluded from Adjusted EBITDA and Adjusted net income (loss) is calculated as the difference between the grant-date value and the fair value recorded at each period-end. As share-based awards will be settled in future periods, the ultimate value of the units is unknown at the date of grant and therefore the grant-date value recognized in Adjusted EBITDA and Adjusted net income may differ from the total settlement cost.

The following table shows a reconciliation from net income (loss) attributable to Methanex shareholders to Adjusted EBITDA:

| (\$ millions)                                             | Three Months Ended |        |         | Six Months Ended |          |
|-----------------------------------------------------------|--------------------|--------|---------|------------------|----------|
|                                                           | Jun 30             | Mar 31 | Jun 30  | Jun 30           | Jun 30   |
|                                                           | 2017               | 2017   | 2016    | 2017             | 2016     |
| Net income (loss) (attributable to Methanex shareholders) | \$84               | \$ 132 | \$ (3 ) | \$216            | \$ (26 ) |
| Mark-to-market impact of share-based compensation         | (12 )              | 10     | (8 )    | (2 )             | (9 )     |
| Depreciation and amortization                             | 61                 | 56     | 58      | 117              | 111      |
| Argentina gas settlement                                  | —                  | —      | (33 )   | —                | (33 )    |
| Finance costs                                             | 24                 | 23     | 22      | 47               | 43       |
| Finance income and other expenses                         | (6 )               | —      | —       | (6 )             | (3 )     |
| Income tax expense (recovery)                             | 9                  | 38     | —       | 47               | (10 )    |
| Earnings of associate adjustment <sup>1</sup>             | 19                 | 17     | 11      | 36               | 19       |
| Non-controlling interests adjustment <sup>1</sup>         | (5 )               | (9 )   | (9 )    | (14 )            | (18 )    |
| Adjusted EBITDA (attributable to Methanex shareholders)   | \$174              | \$ 267 | \$ 38   | \$441            | \$ 74    |

These adjustments represent depreciation and amortization, finance costs, finance income and other expenses, and <sup>1</sup> income tax expense associated with our 63.1% interest in the Atlas methanol facility and the non-controlling interests.

#### Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Common Share

Adjusted net income (loss) and Adjusted net income (loss) per common share are non-GAAP measures because they exclude the mark-to-market impact of share-based compensation and the impact of certain items associated with specific identified events. The following table shows a reconciliation of net income (loss) attributable to Methanex shareholders to Adjusted net income (loss) and the calculation of Adjusted net income (loss) per common share:

| (\$ millions except number of shares and per share amounts)   | Three Months Ended |         |           | Six Months Ended |           |
|---------------------------------------------------------------|--------------------|---------|-----------|------------------|-----------|
|                                                               | Jun 30             | Mar 31  | Jun 30    | Jun 30           | Jun 30    |
|                                                               | 2017               | 2017    | 2016      | 2017             | 2016      |
| Net income (loss) (attributable to Methanex shareholders)     | \$84               | \$ 132  | \$ (3 )   | \$216            | \$ (26 )  |
| Mark-to-market impact of share-based compensation, net of tax | (10 )              | 8       | (7 )      | (2 )             | (8 )      |
| Argentina gas settlement, net of tax                          | —                  | —       | (21 )     | —                | (21 )     |
| Adjusted net income (loss)                                    | \$74               | \$ 140  | \$ (31 )  | \$214            | \$ (55 )  |
| Diluted weighted average shares outstanding (millions)        | 88                 | 90      | 90        | 89               | 90        |
| Adjusted net income (loss) per common share                   | \$0.85             | \$ 1.56 | \$ (0.34) | \$2.40           | \$ (0.62) |

#### Adjusted Revenue (attributable to Methanex shareholders)

Adjusted revenue differs from the most comparable GAAP measure, revenue, because it excludes revenue relating to 50% of the Egypt methanol facility that we do not own and includes an amount representing our 63.1% share of Atlas revenue. It also includes commission earned on volume marketed on a commission basis related to both the 36.9% of the Atlas methanol facility and the 50% of the Egypt methanol facility that we do not own. A reconciliation from revenue to Adjusted revenue is as follows:

| (\$ millions) | Three Months Ended |        |        | Six Months Ended |        |
|---------------|--------------------|--------|--------|------------------|--------|
|               | Jun 30             | Mar 31 | Jun 30 | Jun 30           | Jun 30 |
|               | 2017               | 2017   | 2016   | 2017             | 2016   |

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|                                                          |       |        |        |         |        |
|----------------------------------------------------------|-------|--------|--------|---------|--------|
| Revenue                                                  | \$669 | \$ 810 | \$ 468 | \$1,480 | \$ 903 |
| Methanex share of Atlas revenue <sup>1</sup>             | 91    | 81     | 36     | 172     | 70     |
| Non-controlling interests' share of revenue <sup>1</sup> | (44 ) | (58 )  | (8 )   | (102 )  | (26 )  |
| Other adjustments                                        | —     | (1 )   | —      | (2 )    | (1 )   |
| Adjusted revenue (attributable to Methanex shareholders) | \$716 | \$ 832 | \$ 496 | \$1,548 | \$ 946 |

<sup>1</sup> Excludes intercompany transactions with the Company.

METHANEX CORPORATION 2017 SECOND QUARTER PAGE 13  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Operating Income (Loss)

Operating income (loss) is reconciled directly to a GAAP measure in our consolidated statements of income.  
 QUARTERLY FINANCIAL DATA (UNAUDITED)

Our operations consist of a single operating segment - the production and sale of methanol. Quarterly results vary due to the average realized price of methanol, sales volume, and total cash costs. A summary of selected financial information is as follows:

| (\$ millions except per share amounts)      | Three Months Ended |        |        |         |
|---------------------------------------------|--------------------|--------|--------|---------|
|                                             | Jun 30             | Mar 31 | Dec 31 | Sep 30  |
|                                             | 2017               | 2017   | 2016   | 2016    |
| Revenue                                     | \$669              | \$ 810 | \$ 585 | \$ 510  |
| Adjusted EBITDA                             | 174                | 267    | 139    | 74      |
| Net income (loss)                           | 84                 | 132    | 24     | (11 )   |
| Adjusted net income (loss)                  | 74                 | 140    | 41     | (1 )    |
| Basic net income (loss) per common share    | 0.96               | 1.47   | 0.28   | (0.12 ) |
| Diluted net income (loss) per common share  | 0.89               | 1.46   | 0.28   | (0.12 ) |
| Adjusted net income (loss) per common share | 0.85               | 1.56   | 0.46   | (0.01 ) |

| (\$ millions except per share amounts)      | Three Months Ended |         |        |        |
|---------------------------------------------|--------------------|---------|--------|--------|
|                                             | Jun 30             | Mar 31  | Dec 31 | Sep 30 |
|                                             | 2016               | 2016    | 2015   | 2015   |
| Revenue                                     | \$468              | \$ 435  | \$ 484 | \$ 527 |
| Adjusted EBITDA                             | 38                 | 36      | 80     | 95     |
| Net income (loss)                           | (3 )               | (23 )   | 10     | 78     |
| Adjusted net income (loss)                  | (31 )              | (24 )   | 15     | 23     |
| Basic net income (loss) per common share    | (0.03)             | (0.26 ) | 0.10   | 0.87   |
| Diluted net income (loss) per common share  | (0.08)             | (0.26 ) | 0.10   | 0.54   |
| Adjusted net income (loss) per common share | (0.34)             | (0.27 ) | 0.16   | 0.26   |

METHANEX CORPORATION 2017 SECOND QUARTER PAGE 14  
 MANAGEMENT'S DISCUSSION AND ANALYSIS

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## HOW WE ANALYZE OUR BUSINESS

Our operations consist of a single operating segment - the production and sale of methanol. We review our financial results by analyzing changes in the components of Adjusted EBITDA, mark-to-market impact of share-based compensation, depreciation and amortization, finance costs, finance income and other expenses, and income taxes.

The Company has used the terms Adjusted EBITDA, Adjusted net income (loss), Adjusted net income (loss) per common share, Adjusted revenue and operating income throughout this document. These items are non-GAAP measures that do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. Refer to Additional Information - Supplemental Non-GAAP Measures section on page 12 of the MD&A for a description of each non-GAAP measure and reconciliations to the most comparable GAAP measures.

In addition to the methanol that we produce at our facilities, we also purchase and re-sell methanol produced by others and we sell methanol on a commission basis. We analyze the results of all methanol sales together, excluding commission sales volume. The key drivers of changes in Adjusted EBITDA are average realized price, cash costs and sales volume, which are defined and calculated as follows:

**PRICE** The change in Adjusted EBITDA as a result of changes in average realized price is calculated as the difference from period to period in the selling price of methanol multiplied by the current period total methanol sales volume, excluding commission sales volume and Tolling Volume, plus the difference from period to period in commission revenue.

**CASH COSTS** The change in Adjusted EBITDA as a result of changes in cash costs is calculated as the difference from period to period in cash costs per tonne multiplied by the current period total methanol sales volume, excluding commission sales volume and Tolling Volume in the current period. The cash costs per tonne is the weighted average of the cash cost per tonne of Methanex-produced methanol and the cash cost per tonne of purchased methanol. The cash cost per tonne of Methanex-produced methanol includes absorbed fixed cash costs per tonne and variable cash costs per tonne. The cash cost per tonne of purchased methanol consists principally of the cost of methanol itself. In addition, the change in Adjusted EBITDA as a result of changes in cash costs includes the changes from period to period in unabsorbed fixed production costs, consolidated selling, general and administrative expenses and fixed storage and handling costs.

**SALES VOLUME** The change in Adjusted EBITDA as a result of changes in sales volume is calculated as the difference from period to period in total methanol sales volume, excluding commission sales volume and Tolling Volume, multiplied by the margin per tonne for the prior period. The margin per tonne for the prior period is the weighted average margin per tonne of Methanex-produced methanol and margin per tonne of purchased methanol. The margin per tonne for Methanex-produced methanol is calculated as the selling price per tonne of methanol less absorbed fixed cash costs per tonne and variable cash costs per tonne. The margin per tonne for purchased methanol is calculated as the selling price per tonne of methanol less the cost of purchased methanol per tonne.

We own 63.1% of the Atlas methanol facility and market the remaining 36.9% of its production through a commission offtake agreement. A contractual agreement between us and our partners establishes joint control over Atlas. As a result, we account for this investment using the equity method of accounting, which results in 63.1% of the net assets and net earnings of Atlas being presented separately in the consolidated statements of financial position and consolidated statements of income (loss), respectively. For purposes of analyzing our business, Adjusted EBITDA, Adjusted net income (loss), Adjusted net income (loss) per common share and Adjusted revenue include an amount representing our 63.1% equity share in Atlas. Our analysis of depreciation and amortization, finance costs, finance

income and other expenses, and income taxes is consistent with the presentation of our consolidated statements of income (loss) and excludes amounts related to Atlas.

We own 50% of the 1.26 million tonne per year Egypt methanol facility and market the remaining 50% of its production through a commission offtake agreement. We account for this investment using consolidation accounting, which results in 100% of the revenues and expenses being included in our financial statements. We also consolidate less than wholly-owned entities for which we have a controlling interest. Non-controlling interests are included in the Company's consolidated financial statements and represent the non-controlling shareholders' interests in the Egypt methanol facility and any entity where we have control. For purposes of analyzing our business, Adjusted EBITDA, Adjusted net income (loss), Adjusted net income (loss) per common share and Adjusted revenue exclude the amounts associated with non-controlling interests.

METHANEX CORPORATION 2017 SECOND QUARTER PAGE 15  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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## FORWARD-LOOKING INFORMATION WARNING

This Second Quarter 2017 Management's Discussion and Analysis ("MD&A") as well as comments made during the Second Quarter 2017 investor conference call contain forward-looking statements with respect to us and our industry. These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. Statements that include the words "believes," "expects," "may," "will," "should," "potential," "estimates," "anticipates," "aim," "goal" or other comparable terminology and similar statements of a future or forward-looking nature identify forward-looking statements.

More particularly and without limitation, any statements regarding the following are forward-looking statements:

- expected demand for methanol and its derivatives,
- expected new methanol supply or restart of idled capacity and timing for start-up of the same,
- expected shutdowns (either temporary or permanent) or restarts of existing methanol supply (including our own facilities), including, without limitation, the timing and length of planned maintenance outages,
- expected methanol and energy prices,
- expected levels of methanol purchases from traders or other third parties,
- expected levels, timing and availability of economically priced natural gas supply to each of our plants,
- capital committed by third parties towards future natural gas exploration and development in the vicinity of our plants,
- our expected capital expenditures,
- anticipated operating rates of our plants,
- expected operating costs, including natural gas feedstock costs and logistics costs,
- expected tax rates or resolutions to tax disputes,
- expected cash flows, earnings capability and share price,
- availability of committed credit facilities and other financing,
- our ability to meet covenants or obtain or continue to obtain waivers associated with our long-term debt obligations, including, without limitation, the Egypt limited recourse debt facilities that have conditions associated with the payment of cash or other distributions and the finalization of certain land title registrations and related mortgages which require actions by Egyptian governmental entities,
- expected impact on our results of operations in Egypt or our financial condition as a consequence of civil unrest or actions taken or inaction by Egyptian governmental entities,
- our shareholder distribution strategy and anticipated distributions to shareholders,
- commercial viability and timing of, or our ability to execute, future projects, plant restarts, capacity expansions, plant relocations or other business initiatives or opportunities,
- our financial strength and ability to meet future financial commitments,
- expected global or regional economic activity (including industrial production levels),
- expected outcomes of litigation or other disputes, claims and assessments, and
- expected actions of governments, governmental agencies, gas suppliers, courts, tribunals or other third parties.

We believe that we have a reasonable basis for making such forward-looking statements. The forward-looking statements in this document are based on our experience, our perception of trends, current conditions and expected future developments as well as other factors. Certain material factors or assumptions were applied in drawing the conclusions or making the forecasts or projections that are included in these forward-looking statements, including, without limitation, future expectations and assumptions concerning the following:

- the supply of, demand for and price of methanol, methanol derivatives, natural gas, coal, oil and oil derivatives,

our ability to procure natural gas feedstock on commercially acceptable terms,  
operating rates of our facilities,

METHANEX CORPORATION 2017 SECOND QUARTER PAGE 16  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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receipt or issuance of third-party consents or approvals, including, without limitation, governmental registrations of land title and related mortgages in Egypt and governmental approvals related to rights to purchase natural gas, the establishment of new fuel standards, operating costs, including natural gas feedstock and logistics costs, capital costs, tax rates, cash flows, foreign exchange rates and interest rates, the availability of committed credit facilities and other financing,

global and regional economic activity (including industrial production levels), absence of a material negative impact from major natural disasters, absence of a material negative impact from changes in laws or regulations, absence of a material negative impact from political instability in the countries in which we operate, and enforcement of contractual arrangements and ability to perform contractual obligations by customers, natural gas and other suppliers and other third parties.

However, forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. The risks and uncertainties primarily include those attendant with producing and marketing methanol and successfully carrying out major capital expenditure projects in various jurisdictions, including, without limitation:

conditions in the methanol and other industries including fluctuations in the supply, demand and price for methanol and its derivatives, including demand for methanol for energy uses, the price of natural gas, coal, oil and oil derivatives, our ability to obtain natural gas feedstock on commercially acceptable terms to underpin current operations and future production growth opportunities, the ability to carry out corporate initiatives and strategies, actions of competitors, suppliers and financial institutions, conditions within the natural gas delivery systems that may prevent delivery of our natural gas supply requirements,

competing demand for natural gas, especially with respect to domestic needs for gas and electricity in Chile and Egypt, actions of governments and governmental authorities, including, without limitation, implementation of policies or other measures that could impact the supply of or demand for methanol or its derivatives, changes in laws or regulations, import or export restrictions, anti-dumping measures, increases in duties, taxes and government royalties, and other actions by governments that may adversely affect our operations or existing contractual arrangements, world-wide economic conditions, and other risks described in our 2016 Annual Management's Discussion and Analysis and this Second Quarter 2017 Management's Discussion and Analysis.

Having in mind these and other factors, investors and other readers are cautioned not to place undue reliance on forward-looking statements. They are not a substitute for the exercise of one's own due diligence and judgment. The outcomes implied by forward-looking statements may not occur and we do not undertake to update forward-looking statements except as required by applicable securities laws.

## Methanex Corporation

## Consolidated Statements of Income (Loss) (unaudited)

(thousands of U.S. dollars, except number of common shares and per share amounts)

|                                                                                                 | Three Months Ended |            | Six Months Ended |            |
|-------------------------------------------------------------------------------------------------|--------------------|------------|------------------|------------|
|                                                                                                 | Jun 30             | Jun 30     | Jun 30           | Jun 30     |
|                                                                                                 | 2017               | 2016       | 2017             | 2016       |
| Revenue                                                                                         | \$669,164          | \$467,893  | \$1,479,513      | \$902,746  |
| Cost of sales and operating expenses                                                            | (502,396)          | (430,071)  | (1,061,710)      | (833,822)  |
| Depreciation and amortization                                                                   | (61,009)           | (58,494)   | (116,981)        | (111,473)  |
| Argentina gas settlement                                                                        | —                  | 32,500     | —                | 32,500     |
| Operating income (loss)                                                                         | 105,759            | 11,828     | 300,822          | (10,049)   |
| Earnings of associate (note 4)                                                                  | 21,766             | 2,314      | 38,755           | 2,087      |
| Finance costs                                                                                   | (23,312)           | (21,858)   | (46,629)         | (42,859)   |
| Finance income and other expenses                                                               | 5,625              | (113)      | 5,628            | 2,988      |
| Income (loss) before income taxes                                                               | 109,838            | (7,829)    | 298,576          | (47,833)   |
| Income tax recovery (expense):                                                                  |                    |            |                  |            |
| Current                                                                                         | (15,530)           | (10,892)   | (40,938)         | (26,329)   |
| Deferred                                                                                        | 6,482              | 11,474     | (5,820)          | 36,549     |
|                                                                                                 | (9,048)            | 582        | (46,758)         | 10,220     |
| Net income (loss)                                                                               | \$100,790          | \$(7,247)  | \$251,818        | \$(37,613) |
| Attributable to:                                                                                |                    |            |                  |            |
| Methanex Corporation shareholders                                                               | \$84,146           | \$(2,877)  | \$215,715        | \$(26,275) |
| Non-controlling interests                                                                       | 16,644             | (4,370)    | 36,103           | (11,338)   |
|                                                                                                 | \$100,790          | \$(7,247)  | \$251,818        | \$(37,613) |
| Income (loss) per common share for the period attributable to Methanex Corporation shareholders |                    |            |                  |            |
| Basic net income (loss) per common share                                                        | \$0.96             | \$(0.03)   | \$2.43           | \$(0.29)   |
| Diluted net income (loss) per common share (note 6)                                             | \$0.89             | \$(0.08)   | \$2.39           | \$(0.34)   |
| Weighted average number of common shares outstanding (note 6)                                   | 87,692,627         | 89,796,238 | 88,728,106       | 89,757,698 |
| Diluted weighted average number of common shares outstanding (note 6)                           | 88,057,502         | 89,876,849 | 89,164,211       | 89,821,964 |

See accompanying notes to condensed consolidated interim financial statements.

METHANEX CORPORATION 2017 SECOND QUARTER PAGE 1  
 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

## Methanex Corporation

## Consolidated Statements of Comprehensive Income (Loss) (unaudited)

(thousands of U.S. dollars)

|                                                              | Three Months Ended |            | Six Months Ended |            |
|--------------------------------------------------------------|--------------------|------------|------------------|------------|
|                                                              | Jun 30             | Jun 30     | Jun 30           | Jun 30     |
|                                                              | 2017               | 2016       | 2017             | 2016       |
| Net income (loss)                                            | \$100,790          | \$(7,247 ) | \$251,818        | \$(37,613) |
| Other comprehensive income (loss):                           |                    |            |                  |            |
| Items that may be reclassified to income:                    |                    |            |                  |            |
| Change in fair value of cash flow hedges (note 9)            | (24,252 )          | 116,548    | (78,754 )        | 66,829     |
| Forward element excluded from hedging relationships (note 9) | 24,580             | (95,947 )  | 59,113           | (64,237 )  |
| Taxes on above items                                         | 9                  | (6,845 )   | 6,565            | (830 )     |
|                                                              | 337                | 13,756     | (13,076 )        | 1,762      |
| Comprehensive income (loss)                                  | \$101,127          | \$6,509    | \$238,742        | \$(35,851) |
| Attributable to:                                             |                    |            |                  |            |
| Methanex Corporation shareholders                            | \$84,483           | \$10,879   | \$202,639        | \$(24,513) |
| Non-controlling interests                                    | 16,644             | (4,370 )   | 36,103           | (11,338 )  |
|                                                              | \$101,127          | \$6,509    | \$238,742        | \$(35,851) |

See accompanying notes to condensed consolidated interim financial statements.

METHANEX CORPORATION 2017 SECOND QUARTER PAGE 2

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Methanex Corporation  
Consolidated Statements of Financial Position (unaudited)  
(thousands of U.S. dollars)

| AS AT                                             | Jun 30<br>2017 | Dec 31<br>2016 |
|---------------------------------------------------|----------------|----------------|
| <b>ASSETS</b>                                     |                |                |
| Current assets:                                   |                |                |
| Cash and cash equivalents                         | \$361,333      | \$223,890      |
| Trade and other receivables                       | 498,301        | 499,603        |
| Inventories (note 2)                              | 282,937        | 281,328        |
| Prepaid expenses                                  | 30,479         | 20,846         |
|                                                   | 1,173,050      | 1,025,667      |
| Non-current assets:                               |                |                |
| Property, plant and equipment (note 3)            | 3,056,821      | 3,117,469      |
| Investment in associate (note 4)                  | 191,435        | 197,402        |
| Deferred income tax assets                        | 134,532        | 137,341        |
| Other assets                                      | 82,383         | 78,784         |
|                                                   | 3,465,171      | 3,530,996      |
|                                                   | \$4,638,221    | \$4,556,663    |
| <b>LIABILITIES AND EQUITY</b>                     |                |                |
| Current liabilities:                              |                |                |
| Trade, other payables and accrued liabilities     | \$589,929      | \$523,216      |
| Current maturities on long-term debt (note 5)     | 55,534         | 53,997         |
| Current maturities on other long-term liabilities | 31,521         | 29,720         |
|                                                   | 676,984        | 606,933        |
| Non-current liabilities:                          |                |                |
| Long-term debt (note 5)                           | 1,475,618      | 1,502,209      |
| Other long-term liabilities                       | 363,598        | 351,191        |
| Deferred income tax liabilities                   | 288,434        | 290,980        |
|                                                   | 2,127,650      | 2,144,380      |
| Equity:                                           |                |                |
| Capital stock                                     | 494,553        | 511,465        |
| Contributed surplus                               | 2,331          | 2,568          |
| Retained earnings                                 | 1,159,349      | 1,124,104      |
| Accumulated other comprehensive loss              | (54,378)       | (41,302)       |
| Shareholders' equity                              | 1,601,855      | 1,596,835      |
| Non-controlling interests                         | 231,732        | 208,515        |
| Total equity                                      | 1,833,587      | 1,805,350      |
|                                                   | \$4,638,221    | \$4,556,663    |

See accompanying notes to condensed consolidated interim financial statements.

## Methanex Corporation

## Consolidated Statements of Changes in Equity (unaudited)

(thousands of U.S. dollars, except number of common shares)

|                                                                                 | Number of<br>Common<br>Shares | Capital<br>Stock | Contributed<br>Surplus | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Shareholders'<br>Equity | Non-<br>Controlling<br>Interests | Total<br>Equity |
|---------------------------------------------------------------------------------|-------------------------------|------------------|------------------------|----------------------|--------------------------------------------------------|-------------------------|----------------------------------|-----------------|
| Balance,<br>December 31,<br>2015                                                | 89,671,198                    | \$509,464        | \$2,426                | \$1,235,615          | \$(27,776)                                             | \$1,719,729             | \$248,844                        | \$1,968,573     |
| Net loss                                                                        | —                             | —                | —                      | (26,275)             | —                                                      | (26,275)                | (11,338)                         | (37,613)        |
| Other<br>comprehensive<br>income                                                | —                             | —                | —                      | —                    | 1,762                                                  | 1,762                   | —                                | 1,762           |
| Compensation<br>expense recorded<br>for stock options                           | —                             | —                | 379                    | —                    | —                                                      | 379                     | —                                | 379             |
| Issue of shares<br>on exercise of<br>stock options                              | 125,040                       | 798              | —                      | —                    | —                                                      | 798                     | —                                | 798             |
| Reclassification<br>of grant date fair<br>value on exercise<br>of stock options | —                             | 257              | (257)                  | —                    | —                                                      | —                       | —                                | —               |
| Dividend<br>payments to<br>Methanex<br>Corporation<br>shareholders              | —                             | —                | —                      | (49,399)             | —                                                      | (49,399)                | —                                | (49,399)        |
| Distributions<br>made and<br>accrued to<br>non-controlling<br>interests         | —                             | —                | —                      | —                    | —                                                      | —                       | (11,636)                         | (11,636)        |
| Equity<br>contributions by<br>non-controlling<br>interests                      | —                             | —                | —                      | —                    | —                                                      | —                       | 525                              | 525             |
| Balance, June 30,<br>2016                                                       | 89,796,238                    | \$510,519        | \$2,548                | \$1,159,941          | \$(26,014)                                             | \$1,646,994             | \$226,395                        | \$1,873,389     |
| Net income<br>(loss)                                                            | —                             | —                | —                      | 13,730               | —                                                      | 13,730                  | (4,342)                          | 9,388           |
| Other<br>comprehensive<br>loss                                                  | —                             | —                | —                      | (169)                | (15,288)                                               | (15,457)                | —                                | (15,457)        |
| Compensation<br>expense recorded<br>for stock options                           | —                             | —                | 258                    | —                    | —                                                      | 258                     | —                                | 258             |
|                                                                                 | 28,100                        | 708              | —                      | —                    | —                                                      | 708                     | —                                | 708             |

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|                                                                                 |            |           |         |             |            |             |           |             |
|---------------------------------------------------------------------------------|------------|-----------|---------|-------------|------------|-------------|-----------|-------------|
| Issue of shares<br>on exercise of<br>stock options                              |            |           |         |             |            |             |           |             |
| Reclassification<br>of grant date fair<br>value on exercise<br>of stock options | —          | 238       | (238    | )—          | —          | —           | —         | —           |
| Dividend<br>payments to<br>Methanex<br>Corporation<br>shareholders              | —          | —         | —       | (49,398     | )—         | (49,398     | )—        | (49,398 )   |
| Distributions<br>made and<br>accrued to<br>non-controlling<br>interests         | —          | —         | —       | —           | —          | —           | (13,038   | )(13,038 )  |
| Equity<br>contributions by<br>non-controlling<br>interests                      | —          | —         | —       | —           | —          | —           | (500      | )(500 )     |
| Balance,<br>December 31,<br>2016                                                | 89,824,338 | \$511,465 | \$2,568 | \$1,124,104 | \$(41,302) | \$1,596,835 | \$208,515 | \$1,805,350 |
| Net income                                                                      | —          | —         | —       | 215,715     | —          | 215,715     | 36,103    | 251,818     |
| Other<br>comprehensive<br>loss                                                  | —          | —         | —       | —           | (13,076)   | (13,076     | )—        | (13,076 )   |
| Compensation<br>expense recorded<br>for stock options                           | —          | —         | 266     | —           | —          | 266         | —         | 266         |
| Issue of shares<br>on exercise of<br>stock options                              | 54,720     | 1,597     | —       | —           | —          | 1,597       | —         | 1,597       |
| Reclassification<br>of grant date fair<br>value on exercise<br>of stock options | —          | 503       | (503    | )—          | —          | —           | —         | —           |
| Payment for<br>shares<br>repurchased                                            | (3,330,000 | )(19,012  | )—      | (129,687    | )—         | (148,699    | )—        | (148,699 )  |
| Dividend<br>payments to<br>Methanex<br>Corporation<br>shareholders              | —          | —         | —       | (50,783     | )—         | (50,783     | )—        | (50,783 )   |
| Distributions<br>made and<br>accrued to<br>non-controlling<br>interests         | —          | —         | —       | —           | —          | —           | (12,886   | )(12,886 )  |

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|                           |            |           |         |             |            |             |           |             |
|---------------------------|------------|-----------|---------|-------------|------------|-------------|-----------|-------------|
| Balance, June 30,<br>2017 | 86,549,058 | \$494,553 | \$2,331 | \$1,159,349 | \$(54,378) | \$1,601,855 | \$231,732 | \$1,833,587 |
|---------------------------|------------|-----------|---------|-------------|------------|-------------|-----------|-------------|

See accompanying notes to condensed consolidated interim financial statements.

METHANEX CORPORATION 2017 SECOND QUARTER PAGE 4  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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Methanex Corporation  
Consolidated Statements of Cash Flows (unaudited)  
(thousands of U.S. dollars)

|                                                                              | Three Months Ended |           | Six Months Ended |            |
|------------------------------------------------------------------------------|--------------------|-----------|------------------|------------|
|                                                                              | Jun 30             | Jun 30    | Jun 30           | Jun 30     |
|                                                                              | 2017               | 2016      | 2017             | 2016       |
| <b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>                      |                    |           |                  |            |
| Net income (loss)                                                            | \$100,790          | \$(7,247) | \$251,818        | \$(37,613) |
| Deduct earnings of associate                                                 | (21,766)           | )(2,314)  | )(38,755)        | )(2,087)   |
| Dividends received from associate                                            | 20,192             | 3,155     | 44,801           | 31,550     |
| Add (deduct) non-cash items:                                                 |                    |           |                  |            |
| Depreciation and amortization                                                | 61,009             | 58,494    | 116,981          | 111,473    |
| Income tax expense (recovery)                                                | 9,048              | (582)     | 46,758           | (10,220)   |
| Share-based compensation expense (recovery)                                  | (7,880)            | )(3,535)  | 4,630            | (652)      |
| Finance costs                                                                | 23,312             | 21,858    | 46,629           | 42,859     |
| Other                                                                        | 1,212              | 1,742     | 2,617            | 2,129      |
| Income taxes paid                                                            | (7,214)            | )(1,514)  | )(11,877)        | )(2,084)   |
| Other cash payments, including share-based compensation                      | (1,039)            | )(11,754) | )(6,993)         | )(17,664)  |
| Cash flows from operating activities before undernoted                       | 177,664            | 58,303    | 456,609          | 117,691    |
| Changes in non-cash working capital (note 8)                                 | 72,098             | (24,506)  | 13,807           | (13,916)   |
|                                                                              | 249,762            | 33,797    | 470,416          | 103,775    |
| <b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>                      |                    |           |                  |            |
| Payments for repurchase of shares                                            | (114,957)          | —         | (148,699)        | —          |
| Dividend payments to Methanex Corporation shareholders                       | (26,062)           | )(24,694) | )(50,783)        | )(49,399)  |
| Interest paid                                                                | (26,780)           | )(25,362) | )(42,286)        | )(38,736)  |
| Net proceeds on issue of long-term debt                                      | —                  | 35,007    | —                | 39,600     |
| Repayment of long-term debt                                                  | (2,087)            | )(918)    | )(26,601)        | )(22,984)  |
| Finance leases                                                               | (1,508)            | )(1,411)  | )(3,352)         | )(2,357)   |
| Equity contributions by non-controlling interests                            | —                  | 525       | —                | 525        |
| Distributions to non-controlling interests                                   | —                  | —         | —                | (500)      |
| Proceeds on issue of shares on exercise of stock options                     | 38                 | —         | 1,597            | 798        |
| Changes in non-cash working capital related to financing activities (note 8) | (6,638)            | )(5,689)  | )(10,605)        | )(11,154)  |
|                                                                              | (177,994)          | )(22,542) | )(280,729)       | )(84,207)  |
| <b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>                      |                    |           |                  |            |
| Property, plant and equipment                                                | (29,479)           | )(45,857) | )(49,056)        | )(61,307)  |
| Other assets                                                                 | —                  | —         | —                | (66)       |
| Changes in non-cash working capital related to investing activities (note 8) | 3,911              | (1,439)   | (3,188)          | 25,841     |
|                                                                              | (25,568)           | )(47,296) | )(52,244)        | )(35,532)  |
| Increase (decrease) in cash and cash equivalents                             | 46,200             | (36,041)  | 137,443          | (15,964)   |
| Cash and cash equivalents, beginning of period                               | 315,133            | 275,011   | 223,890          | 254,934    |
| Cash and cash equivalents, end of period                                     | \$361,333          | \$238,970 | \$361,333        | \$238,970  |

See accompanying notes to condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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Methanex Corporation

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

Except where otherwise noted, tabular dollar amounts are stated in thousands of U.S. dollars.

1. Basis of presentation:

Methanex Corporation ("the Company") is an incorporated entity with corporate offices in Vancouver, Canada. The Company's operations consist of the production and sale of methanol, a commodity chemical. The Company is the world's largest producer and supplier of methanol to the major international markets of Asia Pacific, North America, Europe and South America.

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") on a basis consistent with those followed in the most recent annual consolidated financial statements.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and were approved and authorized for issue by the Audit, Finance & Risk Committee of the Board of Directors on July 26, 2017.

These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2016.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15") establishing a comprehensive framework for revenue recognition. The standard replaces IAS 18, Revenue and IAS 11, Construction Contracts and related interpretations and is effective for annual periods beginning on or after January 1, 2018. The Company has performed a preliminary assessment of the impact of the new standard and currently anticipates no significant impact on its consolidated financial statements, with the assessment to be finalized in the second half of 2017.

2. Inventories:

Inventories are valued at the lower of cost, determined on a first-in first-out basis, and estimated net realizable value. The amount of inventories recognized as an expense in cost of sales and operating expenses and depreciation and amortization for the three and six month periods ended June 30, 2017 is \$507 million (2016 - \$426 million) and \$1,051 million (2016 - \$812 million), respectively.

3. Property, plant and equipment:

|                                               | Buildings,<br>Plant<br>Installations<br>&<br>Machinery | Finance<br>Leases | Other     | Total       |
|-----------------------------------------------|--------------------------------------------------------|-------------------|-----------|-------------|
| Cost at June 30, 2017                         | \$4,597,387                                            | \$215,008         | \$272,071 | \$5,084,466 |
| Accumulated depreciation at June 30, 2017     | 1,856,283                                              | 26,083            | 145,279   | 2,027,645   |
| Net book value at June 30, 2017               | \$2,741,104                                            | \$188,925         | \$126,792 | \$3,056,821 |
| Cost at December 31, 2016                     | \$4,549,816                                            | \$206,260         | \$272,878 | \$5,028,954 |
| Accumulated depreciation at December 31, 2016 | 1,752,540                                              | 18,557            | 140,388   | 1,911,485   |
| Net book value at December 31, 2016           | \$2,797,276                                            | \$187,703         | \$132,490 | \$3,117,469 |

## 4. Interest in Atlas joint venture:

The Company has a 63.1% equity interest in Atlas Methanol Company Unlimited ("Atlas"). Atlas owns a 1.8 million tonne per year methanol production facility in Trinidad. The Company accounts for its interest in Atlas using the equity method. Summarized financial information of Atlas (100% basis) is as follows:

| Statements of financial position                          | Jun 30     | Dec 31     |
|-----------------------------------------------------------|------------|------------|
|                                                           | 2017       | 2016       |
| Cash and cash equivalents                                 | \$10,299   | \$15,530   |
| Other current assets                                      | 92,908     | 45,219     |
| Non-current assets                                        | 306,841    | 324,297    |
| Current liabilities                                       | (63,353 )  | (24,783 )  |
| Other long-term liabilities, including current maturities | (164,267 ) | (168,253 ) |
| Net assets at 100%                                        | 182,428    | 192,010    |
| Net assets at 63.1%                                       | 115,112    | 121,158    |
| Long-term receivable from Atlas                           | 76,323     | 76,244     |
| Investment in associate                                   | \$191,435  | \$197,402  |

|                                                  | Three Months Ended |           | Six Months Ended |           |
|--------------------------------------------------|--------------------|-----------|------------------|-----------|
|                                                  | Jun 30             | Jun 30    | Jun 30           | Jun 30    |
| Statements of income                             | 2017               | 2016      | 2017             | 2016      |
| Revenue                                          | \$128,189          | \$45,604  | \$243,398        | \$67,977  |
| Cost of sales and depreciation and amortization  | (71,627 )          | (33,244 ) | (142,044 )       | (51,420 ) |
| Operating income                                 | 56,562             | 12,360    | 101,354          | 16,557    |
| Finance costs, finance income and other expenses | (2,874 )           | (3,488 )  | (5,752 )         | (6,580 )  |
| Income tax expense                               | (19,193 )          | (5,205 )  | (34,183 )        | (6,670 )  |
| Net earnings at 100%                             | 34,495             | 3,667     | 61,419           | 3,307     |
| Earnings of associate at 63.1%                   | 21,766             | \$2,314   | 38,755           | 2,087     |
| Dividends received from associate                | \$20,192           | \$3,155   | \$44,801         | \$31,550  |

## b)Contingent liability:

The Board of Inland Revenue of Trinidad and Tobago has issued assessments against Atlas in respect of the 2005 to 2010 financial years. All subsequent tax years remain open to assessment. The assessments relate to the pricing arrangements of certain long-term fixed price sales contracts from 2005 to 2019 related to methanol produced by Atlas. Atlas had partial relief from corporation income tax until late July 2014.

The Company has lodged objections to the assessments. Based on the merits of the cases and legal interpretation, management believes its position should be sustained.

METHANEX CORPORATION 2017 SECOND QUARTER PAGE 7  
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

## 5. Long-term debt:

| As at                                        | Jun 30<br>2017 | Dec 31<br>2016 |
|----------------------------------------------|----------------|----------------|
| Unsecured notes                              |                |                |
| \$350 million at 3.25% due December 15, 2019 | \$347,589      | \$347,126      |
| \$250 million at 5.25% due March 1, 2022     | 247,876        | 247,685        |
| \$300 million at 4.25% due December 1, 2024  | 296,699        | 296,529        |
| \$300 million at 5.65% due December 1, 2044  | 295,120        | 295,084        |
|                                              | 1,187,284      | 1,186,424      |
| Egypt limited recourse debt facilities       | 266,775        | 288,515        |
| Other limited recourse debt facilities       | 77,093         | 81,267         |
| Total long-term debt <sup>1</sup>            | 1,531,152      | 1,556,206      |
| Less current maturities                      | (55,534)       | (53,997)       |
|                                              | \$1,475,618    | \$1,502,209    |

<sup>1</sup> Long-term debt is presented net of deferred financing fees.

During the quarter ended June 30, 2017, the Company made repayments of \$2.1 million on its other limited recourse debt facilities. Other limited recourse debt facilities relates to financing for certain of our ocean going vessels which we own through less than wholly-owned entities under the Company's control.

The Company maintains a \$300 million committed revolving credit facility with a syndicate of highly rated financial institutions that expires in December 2019. Significant covenant and default provisions of the facility include:

- a) the obligation to maintain an EBITDA to interest coverage ratio of greater than 2:1 calculated on a four-quarter trailing basis and a debt to capitalization ratio of less than or equal to 55%, both ratios calculated in accordance with definitions in the credit agreement that include adjustments to the limited recourse subsidiaries,
- b) a default if payment is accelerated by a creditor on any indebtedness of \$50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries, and
- c) a default if a default occurs that permits a creditor to demand repayment on any other indebtedness of \$50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries.

The limited recourse debt facilities are described as limited recourse as they are secured only by the assets of the entity that carries the debt. Accordingly, the lenders to the limited recourse debt facilities have no recourse to the Company or its other subsidiaries.

The Egypt limited recourse debt facilities have covenants and default provisions that apply only to the Egypt entity, including restrictions on the incurrence of additional indebtedness and a requirement to fulfill certain conditions before the payment of cash or other shareholder distributions. Certain conditions have not been met, resulting in a restriction on shareholder distributions from the Egypt entity. As of June 30, 2017, the Egypt cash balance on a 100% ownership basis was \$109 million. The Egypt entity continues to be able to fully utilize its funds for operating, capital and financing needs, including the repayment of the Egypt limited recourse debt facilities.

Failure to comply with any of the covenants or default provisions of the long-term debt facilities described above could result in a default under the applicable credit agreement that would allow the lenders to not fund future loan requests, accelerate the due date of the principal and accrued interest on any outstanding loans or restrict the payment of cash or other distributions.

As at June 30, 2017, management believes the Company was in compliance with all significant terms and default provisions related to long-term debt obligations.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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## 6. Net income (loss) per common share:

Diluted net income (loss) per common share is calculated by considering the potential dilution that would occur if outstanding stock options and, under certain circumstances, tandem share appreciation rights ("TSARs") were exercised or converted to common shares.

Outstanding TSARs may be settled in cash or common shares at the holder's option and for purposes of calculating diluted net income (loss) per common share, the more dilutive of the cash-settled and equity-settled method is used, regardless of how the plan is accounted for. Accordingly, TSARs that are accounted for using the cash-settled method will require adjustments to the numerator and denominator if the equity-settled method is determined to have a dilutive effect on diluted net income (loss) per common share as compared to the cash-settled method. For all periods presented, the equity-settled method was more dilutive and an adjustment was required for both the numerator and the denominator.

Stock options and, if calculated using the equity-settled method, TSARs are considered dilutive when the average market price of the Company's common shares during the period disclosed exceeds the exercise price of the stock option or TSAR. For the three and six months ended June 30, 2017, stock options were considered dilutive resulting in an adjustment to the denominator. For the three and six months ended June 30, 2016, the Company incurred a net loss attributable to Methanex shareholders and therefore exclusion of the stock options was more dilutive.

A reconciliation of the numerator used for the purpose of calculating diluted net income (loss) per common share is as follows:

|                                                          | Three Months Ended |                | Six Months Ended |                |
|----------------------------------------------------------|--------------------|----------------|------------------|----------------|
|                                                          | Jun 30<br>2017     | Jun 30<br>2016 | Jun 30<br>2017   | Jun 30<br>2016 |
| Numerator for basic net income (loss) per common share   | \$84,146           | \$(2,877)      | \$215,715        | \$(26,275)     |
| Adjustment for the effect of TSARs:                      |                    |                |                  |                |
| Cash-settled expense (recovery) included in net income   | (3,895)            | (2,252)        | 1,431            | (675)          |
| Equity-settled expense                                   | (1,860)            | (1,793)        | (3,774)          | (3,656)        |
| Numerator for diluted net income (loss) per common share | \$78,391           | \$(6,922)      | \$213,372        | \$(30,606)     |

A reconciliation of the denominator used for the purposes of calculating diluted net income (loss) per common share is as follows:

|                                                            | Three Months Ended |                | Six Months Ended |                |
|------------------------------------------------------------|--------------------|----------------|------------------|----------------|
|                                                            | Jun 30<br>2017     | Jun 30<br>2016 | Jun 30<br>2017   | Jun 30<br>2016 |
| Denominator for basic net income (loss) per common share   | 87,692,627         | 89,796,238     | 88,728,106       | 89,757,698     |
| Effect of dilutive stock options                           | 40,091             | —              | 54,153           | —              |
| Effect of dilutive TSARs                                   | 324,784            | 80,611         | 381,952          | 64,266         |
| Denominator for diluted net income (loss) per common share | 88,057,502         | 89,876,849     | 89,164,211       | 89,821,964     |

## 7.Share-based compensation:

### a)Share appreciation rights ("SARs"), TSARs and stock options:

#### (i)Outstanding units:

Information regarding units outstanding at June 30, 2017 is as follows:

| (per share amounts in USD)       | SARs            |                                 | TSARs           |                                 |
|----------------------------------|-----------------|---------------------------------|-----------------|---------------------------------|
|                                  | Number of Units | Weighted Average Exercise Price | Number of Units | Weighted Average Exercise Price |
| Outstanding at December 31, 2016 | 1,511,485       | \$42.68                         | 2,416,111       | \$42.10                         |
| Granted                          | 167,600         | 50.15                           | 340,200         | 50.17                           |
| Exercised                        | (88,106)        | )27.13                          | (118,305)       | )27.17                          |
| Expired                          | (5,000)         | )25.22                          | —               | —                               |
| Outstanding at March 31, 2017    | 1,585,979       | \$44.39                         | 2,638,006       | \$43.81                         |
| Exercised                        | (7,349)         | )34.51                          | (2,000)         | )34.59                          |
| Cancelled                        | (10,801)        | )50.18                          | (2,200)         | )34.59                          |
| Outstanding at June 30, 2017     | 1,567,829       | \$44.39                         | 2,633,806       | \$43.82                         |

| (per share amounts in USD)       | Stock Options   |                                 |
|----------------------------------|-----------------|---------------------------------|
|                                  | Number of Units | Weighted Average Exercise Price |
| Outstanding at December 31, 2016 | 344,767         | \$40.91                         |
| Granted                          | 31,400          | 50.17                           |
| Exercised                        | (53,620)        | )29.07                          |
| Cancelled                        | (5,200)         | )55.22                          |
| Outstanding at March 31, 2017    | 317,347         | \$43.59                         |
| Exercised                        | (1,100)         | )34.59                          |
| Outstanding at June 30, 2017     | 316,247         | \$43.62                         |

| Range of Exercise Prices<br>(per share amounts in USD) | Units Outstanding at June 30, 2017                  |                             |                                 | Units Exercisable at June 30, 2017 |                                 |
|--------------------------------------------------------|-----------------------------------------------------|-----------------------------|---------------------------------|------------------------------------|---------------------------------|
|                                                        | Weighted Average Remaining Contractual Life (Years) | Number of Units Outstanding | Weighted Average Exercise Price | Number of Units Exercisable        | Weighted Average Exercise Price |
| <b>SARs:</b>                                           |                                                     |                             |                                 |                                    |                                 |
| \$25.97 to \$35.51                                     | 3.65                                                | 660,910                     | \$32.70                         | 421,222                            | \$31.62                         |
| \$38.24 to \$73.13                                     | 4.24                                                | 906,919                     | 52.91                           | 643,511                            | 53.23                           |
|                                                        | 3.99                                                | 1,567,829                   | \$44.39                         | 1,064,733                          | \$44.68                         |
| <b>TSARs:</b>                                          |                                                     |                             |                                 |                                    |                                 |
| \$25.97 to \$35.51                                     | 3.56                                                | 1,107,125                   | \$32.74                         | 728,980                            | \$31.78                         |
| \$38.24 to \$73.13                                     | 4.27                                                | 1,526,681                   | 51.86                           | 1,054,338                          | 51.93                           |
|                                                        | 3.97                                                | 2,633,806                   | \$43.82                         | 1,783,318                          | \$43.64                         |
| <b>Stock options:</b>                                  |                                                     |                             |                                 |                                    |                                 |
| \$25.97 to \$35.51                                     | 3.38                                                | 142,250                     | \$32.48                         | 96,246                             | \$31.48                         |
| \$38.24 to \$73.13                                     | 4.19                                                | 173,997                     | 52.73                           | 125,758                            | 52.98                           |
|                                                        | 3.82                                                | 316,247                     | \$43.62                         | 222,004                            | \$43.65                         |



## (ii) Compensation expense related to SARs and TSARs:

Compensation expense for SARs and TSARs is measured based on their fair value and is recognized over the vesting period. Changes in fair value each period are recognized in net income for the proportion of the service that has been rendered at each reporting date. The fair value at June 30, 2017 was \$39.1 million compared with the recorded liability of \$34.8 million. The difference between the fair value and the recorded liability of \$4.3 million will be recognized over the weighted average remaining vesting period of approximately 1.7 years. The weighted average fair value was estimated at June 30, 2017 using the Black-Scholes option pricing model.

For the three and six month periods ended June 30, 2017, compensation expense related to SARs and TSARs included a recovery in cost of sales and operating expenses of \$6.6 million (2016 - recovery of \$3.5 million) and an expense of \$2.5 million (2016 - recovery of \$1.1 million), respectively. This included a recovery of \$9.1 million (2016 - recovery of \$5.7 million) and a recovery of \$2.7 million (2016 - recovery of \$6.2 million), respectively, related to the effect of the change in the Company's share price for the three and six month periods ended June 30, 2017.

## (iii) Compensation expense related to stock options:

For the three and six month periods ended June 30, 2017, compensation expense related to stock options included in cost of sales and operating expenses was \$0.1 million (2016 - \$0.2 million) and \$0.3 million (2016 - 0.4 million), respectively. The fair value of each stock option grant was estimated on the grant date using the Black-Scholes option pricing model

## b) Deferred, restricted and performance share units:

Deferred, restricted and performance share units outstanding at June 30, 2017 are as follows:

|                                                      | Number of Deferred<br>Share Units | Number of Restricted<br>Share Units | Number of Performance<br>Share Units |
|------------------------------------------------------|-----------------------------------|-------------------------------------|--------------------------------------|
| Outstanding at December 31, 2016                     | 251,017                           | 18,649                              | 572,272                              |
| Granted                                              | 6,505                             | 8,100                               | 163,500                              |
| Performance factor impact on redemption <sup>1</sup> | —                                 | —                                   | (102,557 )                           |
| Granted in-lieu of dividends                         | 1,424                             | 160                                 | 3,551                                |
| Redeemed                                             | (13,789                           | )—                                  | (34,186 )                            |
| Cancelled                                            | —                                 | —                                   | (3,967 )                             |
| Outstanding at March 31, 2017                        | 245,157                           | 26,909                              | 598,613                              |
| Granted                                              | 1,462                             | —                                   | —                                    |
| Granted in-lieu of dividends                         | 1,665                             | 189                                 | 4,205                                |
| Cancelled                                            | —                                 | —                                   | (2,353 )                             |
| Outstanding at June 30, 2017                         | 248,284                           | 27,098                              | 600,465                              |

<sup>1</sup> Performance share units have a feature where the ultimate number of units that vest are adjusted by a performance factor of the original grant as determined by the Company's total shareholder return in relation to a predetermined target over the period to vesting. These units relate to performance share units redeemed in the quarter ended March 31, 2017.

Compensation expense for deferred, restricted and performance share units is measured at fair value based on the market value of the Company's common shares and is recognized over the vesting period. Changes in fair value are recognized in net income for the proportion of the service that has been rendered at each reporting date. The fair value of deferred, restricted and performance share units at June 30, 2017 was \$19.7 million compared with the recorded liability of \$17.2 million. The difference between the fair value and the recorded liability of \$2.5 million will be recognized over the weighted average remaining vesting period of approximately 1.7 years.

METHANEX CORPORATION 2017 SECOND QUARTER PAGE 11  
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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For the three and six month periods ended June 30, 2017, compensation expense related to deferred, restricted and performance share units included in cost of sales and operating expenses was a recovery of \$1.6 million (2016 - recovery of \$0.2 million) and an expense of \$2.5 million (2016 - expense of \$0.2 million), respectively. This included a recovery of \$2.6 million (2016 - recovery of \$1.1 million) and an expense of \$0.6 million (2016 - recovery of \$1.8 million), respectively, related to the effect of the change in the Company's share price for the three and six month periods ended June 30, 2017.

#### 8.Changes in non-cash working capital:

Changes in non-cash working capital for the three and six month periods ended June 30, 2017 and 2016 were as follows:

|                                                                                                                | Three Months<br>Ended |                | Six Months Ended |                |
|----------------------------------------------------------------------------------------------------------------|-----------------------|----------------|------------------|----------------|
|                                                                                                                | Jun 30<br>2017        | Jun 30<br>2016 | Jun 30<br>2017   | Jun 30<br>2016 |
| Changes in non-cash working capital:                                                                           |                       |                |                  |                |
| Trade and other receivables                                                                                    | \$15,275              | \$(21,261)     | \$1,302          | \$98,495       |
| Inventories                                                                                                    | 68,426                | (7,281)        | (1,609)          | (472)          |
| Prepaid expenses                                                                                               | (7,037)               | (5,768)        | (9,633)          | (217)          |
| Trade, other payables and accrued liabilities                                                                  | 15,042                | 12,688         | 66,713           | (64,387)       |
|                                                                                                                | 91,706                | (21,622)       | 56,773           | 33,419         |
| Adjustments for items not having a cash effect and working capital changes relating to taxes and interest paid | (22,335)              | (10,012)       | (56,759)         | (32,648)       |
| Changes in non-cash working capital having a cash effect                                                       | \$69,371              | \$(31,634)     | \$14             | \$771          |

These changes relate to the following activities:

|                                     |          |            |          |            |
|-------------------------------------|----------|------------|----------|------------|
| Operating                           | \$72,098 | \$(24,506) | \$13,807 | \$(13,916) |
| Financing                           | (6,638)  | (5,689)    | (10,605) | (11,154)   |
| Investing                           | 3,911    | (1,439)    | (3,188)  | 25,841     |
| Changes in non-cash working capital | \$69,371 | \$(31,634) | \$14     | \$771      |

#### 9.Financial instruments:

Financial instruments are either measured at amortized cost or fair value.

In the normal course of business, the Company's assets, liabilities and forecasted transactions, as reported in U.S. dollars, are impacted by various market risks including, but not limited to, natural gas prices and currency exchange rates. The time frame and manner in which the Company manages those risks varies for each item based on the Company's assessment of the risk and the available alternatives for mitigating risks.

The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values. Changes in fair value of derivative financial instruments are recorded in earnings unless the instruments are designated as cash flow hedges. The Company designates as cash flow hedges derivative financial instruments to hedge its risk exposure to fluctuations in natural gas prices and derivative financial instruments to hedge its risk exposure to fluctuations in the euro compared to the U.S. dollar.

The fair value of derivative instruments is determined based on industry-accepted valuation models using market observable inputs and are classified within Level 2 of the fair value hierarchy. The fair value of all of the Company's derivative contracts as presented in the consolidated statements of financial position are determined based on present values and the discount rates used are adjusted for credit risk. The effective portion of the changes in fair value of derivative financial instruments designated as cash flow hedges is recorded in other comprehensive income. The spot element of forward contracts in the hedging relationships is recorded in other comprehensive income as the change in fair value of cash flow hedges. The change in the fair value of the forward element of forward contracts is recorded separately in other comprehensive income as the forward element excluded from hedging relationship.



Until settled, the fair value of the derivative financial instruments will fluctuate based on changes in commodity prices or foreign currency exchange rates.

#### Natural gas forward contracts

The Company manages its exposure to changes in natural gas prices for a portion of its North American natural gas requirements by executing a number of fixed price forward contracts.

The Company has entered into forward contracts to manage its exposure to changes in natural gas prices for the Geismar 2 facility which it has designated as cash flow hedges. The Company has also entered into physical forward contracts to manage its exposure to changes in natural gas prices for the Medicine Hat facility over the period 2017 to 2022. The Company has designated contracts for the 2021 and 2022 periods as cash flow hedges for its highly probable forecast natural gas purchases in Medicine Hat. Other costs incurred to transport natural gas from the contracted delivery point, either Henry Hub or AECO, to the relevant production facility represent an insignificant portion of the overall underlying risk and are recognized as incurred outside of the hedging relationship.

As at June 30, 2017, the Company had outstanding forward contracts designated as cash flow hedges with a notional amount of \$482 million (December 31, 2016 - \$484 million) and a net negative fair value of \$78.3 million (December 31, 2016 - \$61.9 million) included in other long-term liabilities.

#### Euro forward exchange contracts

The Company manages its foreign currency exposure to euro denominated sales by executing a number of forward contracts which it has designated as cash flow hedges for its highly probable forecast euro collections.

As at June 30, 2017, the Company had outstanding forward exchange contracts designated as cash flow hedges to sell a notional amount of 117 million euros (December 31, 2016 - 92 million euros). The euro contracts had a negative fair value of \$3.0 million included in current liabilities (December 31, 2016 - positive fair value \$0.3 million included in current assets).

#### Fair value

The fair value of the Company's derivative financial instruments as disclosed above are determined based on Bloomberg quoted market prices and confirmations received from counterparties, which are adjusted for credit risk.

The table below shows the nominal net cash flows for derivative hedging instruments, excluding credit risk adjustments, based upon contracted settlement dates. The amounts reflect the maturity profile of the hedging instruments and are subject to change based on the prevailing market rate at each of the future settlement dates.

Financial asset derivative positions are held with investment-grade counterparties and therefore the settlement day risk exposure is considered to be negligible.

#### Cash outflows by term to maturity

|                                 | 1 year or less | 1-3 years | 3-5 years | More than<br>5 years | Total      |
|---------------------------------|----------------|-----------|-----------|----------------------|------------|
| Natural gas forward contracts   | (1,839 )       | (13,919 ) | (21,557 ) | (54,574 )            | \$(91,889) |
| Euro forward exchange contracts | (3,005 )       | —         | —         | —                    | \$(3,005 ) |

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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

The carrying values of the Company's financial instruments approximate their fair values, except as follows:

|                                                  |  | June 30, 2017  |              |
|--------------------------------------------------|--|----------------|--------------|
| As at                                            |  | Carrying Value | Fair Value   |
| Long-term debt excluding deferred financing fees |  | \$ 1,542,577   | \$ 1,552,842 |

Long-term debt consists of limited recourse debt facilities and unsecured notes. There is no publicly traded market for the limited recourse debt facilities. The fair value of the limited recourse debt facilities as disclosed on a recurring basis and categorized as Level 2 within the fair value hierarchy is estimated by reference to current market rates as at the reporting date. The fair value of the unsecured notes disclosed on a recurring basis and also categorized as Level 2 within the fair value hierarchy is estimated using quoted prices and yields as at the reporting date. The fair value of the Company's long term debt will fluctuate until maturity.

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 NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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Methanex Corporation  
Quarterly History (unaudited)

2017 Q2 Q1 2016 Q4 Q3 Q2 Q1

METHANOL SALES VOLUME

(thousands of tonnes)

|                                |       |       |       |       |       |       |       |       |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Methanex-produced <sup>1</sup> | 3,546 | 1,790 | 1,756 | 6,828 | 1,750 | 1,860 | 1,689 | 1,529 |
| Purchased methanol             | 899   | 387   | 512   | 1,892 | 526   | 411   | 533   | 422   |
| Commission sales <sup>1</sup>  | 601   | 297   | 304   | 758   | 245   | 205   | 140   | 168   |
|                                | 5,046 | 2,474 | 2,572 | 9,478 | 2,521 | 2,476 | 2,362 | 2,119 |

METHANOL PRODUCTION

(thousands of tonnes)

|                              |       |       |       |       |       |       |       |       |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| New Zealand                  | 883   | 350   | 533   | 2,181 | 536   | 559   | 577   | 509   |
| Geismar (Louisiana, USA)     | 930   | 437   | 493   | 2,055 | 526   | 519   | 527   | 483   |
| Trinidad (Methanex interest) | 845   | 449   | 396   | 1,605 | 455   | 420   | 417   | 313   |
| Egypt (50% interest)         | 318   | 159   | 159   | 293   | 96    | 69    | 53    | 75    |
| Medicine Hat (Canada)        | 277   | 159   | 118   | 488   | 92    | 114   | 123   | 159   |
| Chile                        | 227   | 60    | 167   | 395   | 154   | 68    | 73    | 100   |
|                              | 3,480 | 1,614 | 1,866 | 7,017 | 1,859 | 1,749 | 1,770 | 1,639 |

AVERAGE REALIZED METHANOL PRICE <sup>2</sup>

(\$/tonne)

(\$/gallon)

|      |      |      |      |      |      |      |      |
|------|------|------|------|------|------|------|------|
| 347  | 327  | 365  | 242  | 278  | 236  | 223  | 230  |
| 1.04 | 0.98 | 1.10 | 0.73 | 0.84 | 0.71 | 0.67 | 0.69 |

PER SHARE INFORMATION

(\$ per common share attributable to Methanex shareholders)

|                            |      |      |      |        |      |        |        |        |
|----------------------------|------|------|------|--------|------|--------|--------|--------|
| Adjusted net income (loss) | 2.40 | 0.85 | 1.56 | (0.17) | 0.46 | (0.01) | (0.34) | (0.27) |
| Basic net income (loss)    | 2.43 | 0.96 | 1.47 | (0.14) | 0.28 | (0.12) | (0.03) | (0.26) |
| Diluted net income (loss)  | 2.39 | 0.89 | 1.46 | (0.14) | 0.28 | (0.12) | (0.08) | (0.26) |

Methanex-produced methanol represents our equity share of volume produced at our facilities and excludes volume marketed on a commission basis related to the 36.9% of the Atlas facility and 50% of the Egypt facility that we do not own. Methanex-produced methanol includes any volume produced by Chile using natural gas supplied from Argentina under a tolling arrangement ("Tolling Volume"). There has been no Tolling Volume produced since the fourth quarter of 2015.

Average realized price is calculated as revenue, excluding commissions earned and the Egypt non-controlling interest share of revenue, but including an amount representing our share of Atlas revenue, divided by the total sales volume of Methanex-produced and purchased methanol, but excluding Tolling Volume.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on behalf by the undersigned, thereunto duly authorized.

METHANEX CORPORATION

Date: July 26, 2017 By: /s/ KEVIN PRICE

Name: Kevin Price

Title: General Counsel  
and Corporate Secretary