METHANEX CORPORATION

INVESTORS' CONFERENCE CALL

Second Quarter 2011 RESULTS CONFERENCE CALL

July 28, 2011

CHECK AGAINST DELIVERY

Jason Chesko

Good morning, ladies and gentlemen. I would like to remind our listeners that our comments and answers to your questions today may contain forward-looking information. This information by its nature is subject to risks and uncertainties that may cause the stated outcome to differ materially from the actual outcome. Certain material factors or assumptions were applied in drawing the conclusions or making the forecasts or projections which are included in the forward-looking information. Please refer to our latest MD&A and to our 2010 annual report for more information. In addition, with Egypt now having a significant impact on our financial results, I wanted to clarify that any references to EBITDA, Cash Flow or Income made in today's remarks reflect our 60 percent economic interest in the Egypt Project.

I would now like to turn the call over to Methanex's president and CEO, Mr. Bruce Aitken, for his comments.

Bruce Aitken

Thank you Jason and good morning everyone. And welcome to the Methanex second quarter investor conference call. I have a number of colleagues with me in the room and they will be available to help answer questions a little bit later.

Firstly, some comments on our results. We reported EBITDA of $104 million and net income of $41 million or $0.43 per share. We were in a stable pricing environment during the quarter, EBITDA was up 33% over last quarter as we reported higher sales of produced methanol as a result of production coming on line from our new plant in Egypt and our Medicine Hat operations. However, our Q2 results only reflected some of the Egypt and Medicine Hat production as much of the methanol produced from those assets in Q2 did not flow through inventory in the quarter. So we expect to see further upside to our cash flow and earnings in the second half of the year when the production from these plants is fully reflected in our results. I will be commenting more on our expectations for the third quarter and the industry and pricing outlook a little later on the call, but before that I wanted to provide some brief comments on our operations.

Firstly, as a general comment, with the addition of Egypt and Medicine Hat, it is pleasing that we achieved our highest level of quarterly production since the first quarter of 2007.

Our Trinidad operations produced 449,000 tonnes of methanol in the second quarter compared to production capacity of about a half million tonnes. The Titan plant was down for some maintenance for a couple of weeks and this was the primary reason for production being below capacity. In September, we were planning a turnaround of the Atlas plant which was expected to last for about a month resulting in reduced production of about 150,000 tonnes. However, this plant has suffered an outage in the last week and we are currently contemplating the repair strategy and how this should be integrated with the turnaround.

Our Motunui plant in New Zealand operated at full rates during the second quarter and we produced 207,000 tonnes of methanol. In Chile, we operated one plant at half capacity and produced 142,000 tonnes of methanol. Gas supply to our site in Chile continues to be challenged and this is particularly the case today as more natural gas is used for residential heating purposes during the Southern Hemisphere winter. I will comment more on the outlook for our operations in both Chile and New Zealand again in a few moments.

The Egypt Plant operated very well during the second quarter, running mostly at capacity with our equity share of production being about 178,000 tonnes. While it is normal for a new plant like Egypt to run at reduced rates in the early months of operations, this has not been the case. The plant has operated very well and has recently passed all the Contractor's performance tests and the reliability tests required under the Project Financing. The excellent operating performance achieved is a reflection of the strong team in Egypt, who have done a great job bringing the plant on in a challenging environment.

Finally, our team in Medicine Hat, Alberta has also done an excellent job of restarting the plant. The plant started up in late April and produced 74,000 tonnes of methanol during the quarter which reflects close to full operating rates since the start up. In recent weeks the plant has demonstrated performance slightly higher than our expectations and we are continuing to fine tune the operation to optimize both efficiency and cost. We expect strong operational performance to continue in the second half of the year. We currently have gas supply underpinning production of this asset until the end of 2012 and are confident that long term natural gas dynamics in North America will support the long term operation of this facility in the future.

Turning to industry conditions, over the past quarter, markets have been relatively balanced and pricing fairly stable despite the recent start ups of the Egypt and Medicine Hat plants. China drove demand higher in Q2, and imports into that country to the end of June were up by more than 20% compared to the same period in 2010. Demand in other regions has also remained firm or improved. In addition and as is normal, there have been quite a significant number of planned and unplanned outages across the global industry. Strong crude oil prices and increasing Chinese coal prices over the past quarter have also supported tighter conditions. With constrained production in China, five of the world's largest methanol plants currently not in production and inventories at lower than normal levels, there is significant upward pressure on methanol prices. Yesterday, we posted the Methanex North American non-discounted price at $1.38 per gallon for the month of August which is up 10 cents per gallon from July and we announced an increase of $50 per tonne in Asia also for the month of August.

Methanol demand into fuel blending in China continues to be strong and high crude oil and gasoline prices and affordable methanol prices have been a key factor driving strong demand growth. There are now eleven provinces in China with methanol fuel blending standards in place and more under development in other provinces. Most of the provincial standards in place are low level blends – typically M15, or 15% methanol. High level blending programs are also being developed, supported by national standards that are in place for M85 and M100. As an example, earlier this month there was an article in the China Global Times newspaper that reported on taxi trials in Shanghai running on M100 or 100% methanol. In addition to the environmental benefits of using methanol as a fuel, the article highlighted the economic benefit of methanol, estimating that each taxi would save close to $400 per month in fuel expenses using M100 compared to gasoline.

Today, the fuel blending market in China represents around 5 million tonnes of annual demand and there is a lot of potential for more growth supported by strong automobile sales and increasing gasoline consumption. High crude oil prices have also continued to support healthy DME demand in China which today represents another three and a half million tonnes of annual methanol demand.

On the last call, I also mentioned increasing interest in using methanol for olefins production. Similar to methanol fuel blending, these projects are driven by the competitiveness of methanol relative to crude oil based alternatives. There is already one methanol-to-olefins plant in Inner Mongolia operating while one other facility is operating the olefins unit and purchasing merchant methanol. In addition, one further MTO plant is expected to be producing later this year. There are many other projects in the planning or construction phase and a number of these are contemplating the use of merchant methanol as a supply source. These projects have the potential to consume a substantial amount of methanol and provide a lot of upside for methanol demand. To put this demand potential into perspective, the plant which is operating today consumes around 1.8 million tonnes of methanol to produce around 600,000 tonnes of olefins.

Looking out longer term, we expect the market to be quite tight over the next several years. Methanol demand growth is anticipated to continue to be strong and there is little new capacity expected to come on line to meet this demand growth. This implies that a strong pricing environment will be needed to entice higher cost industry capacity to operate and meet demand growth and this outlook matches well with our plans to increase production. On this note, I will switch topics and provide you with an update on some of the key initiatives we are working on.

Firstly in Chile, as I mentioned earlier, we are currently operating one plant at about fifty percent operating rates and the short term outlook for gas supply through the rest of the southern hemisphere winter continues to be challenging. We are still faced with the short term risk that gas deliveries could fall below the levels required to operate one plant for a period of time; however, we believe the gas supply should improve further during the fourth quarter to alleviate this risk. Longer term, we continue to believe that there is upside to production from new gas development in southern Chile. Development activity has been accelerating and we expect that trend to continue, as international oil and gas companies step-up their drilling activities in the region. We also understand that the Chilean government will be awarding additional exploration blocks in the region in the coming weeks. However, the reality is that the pace of development has not been fast enough and the level of gas discoveries have not been significant enough to support a timely return to higher capacity utilization at the site. As a result, while we remain committed to supporting gas development in

Chile, we are also looking at other options to create value from our Chile operations through both capacity relocation and installing coal gasification as an alternative utilizing coal from a local supply source. We believe both of these opportunities have the potential to increase competitive cost production at a lower capital cost and in less time than a new greenfield plant. The potential economic return from both of these options is significant. We are aggressively pursuing these projects and are targeting to make a decision on them by the end of this year. With limited new supply entering the market over the next couple of years, our Chile assets offer a unique opportunity to bring on capacity relatively quickly and in a favorable industry environment.

Finally, turning to our operations in New Zealand, as I mentioned on previous occasions, we currently have gas contracts with a number of gas suppliers which will underpin our production at our existing 850,000 tonne plant through 2012. And, based on the improved natural gas supply position that has developed in New Zealand, we believe that we will be able to secure more natural gas supply to enable us to restart a second plant. We are continuing to work with gas suppliers in New Zealand to meet this goal and are targeting to have sufficient gas contracts in place by Q4 of this year which would allow us to restart a second plant. If we are successful, we anticipate the restart of a second plant would occur in the middle of 2012.

I will change topics now and make a few comments regarding liquidity and capital allocation. During the second quarter, we generated $86 million of cash flow from operations. We have conservative leverage, a $200 million undrawn operating facility which we recently extended to 2015, and a cash balance of $246 million at the end of the second quarter. We are also in a much stronger position to generate cash flow with the Egypt and Medicine Hat plants now operating and this improved cash generation potential allowed us to increase our dividend by 10% during the second quarter. We plan to continue committing capital to gas development in both southern Chile and New Zealand and we are planning for a modest amount of capital for the restart of the second plant in New Zealand. We are well positioned to satisfy these initiatives and planned maintenance expenditures. And as mentioned earlier, we are targeting to reach a decision by the end of this year on relocating capacity from Chile and installing coal gasification as an alternative feedstock and we are maintaining financial flexibility to execute these projects. Longer term, we expect to build on our strong track record and return more cash to shareholders through both dividend increases and share repurchases.

Before stopping for questions, I will briefly comment on our expectations for the third quarter. As ever, there are a lot of moving parts and assumptions that will evolve over the quarter so it is difficult to provide precise guidance. Firstly, I have commented on price increases in August and with the methanol pricing trend being upwards, we would expect that higher prices will at least be maintained through this quarter. So, compared to Q2, we expect to realize a higher price in Q3. As I mentioned earlier, while the Egypt and Medicine Hat plants were producing at high rates in the second quarter, we did not see the full impact of this volume in our Q2 results. In Q3, as more production from Egypt and Medicine Hat flow through our sales, we expect to see higher levels of produced methanol sales. Offsetting this a little is the current outage and turnaround planned for the Atlas plant. We have not finally determined the repair and maintenance strategy and while we expect lower production from Atlas in Q3, the impact on our results will probably be greater in Q4. Higher prices and increased sales volumes of produced methanol should generate stronger earnings from the third quarter compared to the results we have just reported in the second quarter.

So at this point I am happy to stop and take any questions that you might have.

Closing comments

So thanks very much everyone for participating in the call. We had a strategy session with the Board a couple of weeks ago and I described our situation today as probably the best situation I have ever experienced in the methanol industry for Methanex. I think both the industry is in great shape, demand continues to be very strong, there is lots of growth in energy applications that we have talked about, and clearly suppliers are quite constrained. So the pricing environment for the medium term looks to be quite firm.

I think we have an outstanding customer mix and we are very focused on being a good supplier to all our customers and that is part of the reason that we really want to try and expand our production and we have lots of opportunities to do that with taking advantage of the under utilized assets we have in Chile, and restarting capacity in New Zealand and looking for debottleneck opportunities and relocations.

We are really busy looking for opportunities to increase our production. That's good for our customers and that's good for our shareholders. So that's where we are focused at the moment and I hope that we have lots more positive news to report to you in the coming quarters and again thanks for your participation and good morning to all of you.

FORWARD-LOOKING INFORMATION WARNING

This Second Quarter 2011 Management's Discussion and Analysis ("MD&A") as well as comments made during the Second Quarter 2011 investor conference call contain forward-looking statements with respect to us and our industry. Statements that include the words "believes," "expects," "may," "will," "should," "intends," "plans," "estimates," "anticipates," 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 and timing for start-up of the same,
- expected shut downs (either temporary or permanent) or re-starts of existing methanol supply (including our own facilities), including, without limitation, timing of planned maintenance outages,
- expected methanol and energy prices,
- expected levels and timing of natural gas supply to our plants, including without limitation, levels of natural gas supply from investments in natural gas exploration and development in Chile and New Zealand and availability of economically priced natural gas in Chile, New Zealand and Canada,
- capital committed by third parties towards future natural gas exploration in Chile and New Zealand,
- expected capital expenditures, including without limitation, those to support natural gas exploration and development in Chile and New Zealand and the restart of our idled methanol facilities,
- anticipated production rates of our plants, including without limitation, our Chilean facilities, the new methanol plant in Egypt and the restarted Medicine Hat facility,
- expected operating costs, including natural gas feedstock costs and logistics costs,
- expected tax rates or resolutions to tax disputes,
- expected cash flows and earnings capability,
- ability to meet covenants or obtain waivers associated with our long-term debt obligations, including without limitation, the Egypt limited recourse debt facilities which have conditions associated with finalization of certain land title registration and related mortgages which require actions by Egyptian governmental entities,
- availability of committed credit facilities and other financing,
- shareholder distribution strategy and anticipated distributions to shareholders,
- commercial viability of, or ability to execute, future projects, capacity expansions, or plant relocations,
- financial strength and ability to meet future financial commitments,
- expected global or regional economic activity (including industrial production levels),
- expected actions of governments, gas suppliers, courts, tribunals or other third parties, and
- expected impact on our results of operations in Egypt and our financial condition as a consequence of actions taken by the Government of Egypt and its agencies.

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:

- supply of, demand for, and price of, methanol, methanol derivatives, natural gas, oil and oil derivatives,
- success of natural gas exploration in Chile and New Zealand and our ability to procure economically priced natural gas in Chile, New Zealand and Canada,
- production rates of our facilities, including without limitation, our Chilean facilities, the new methanol plant in Egypt and the restarted Medicine Hat facility,
- receipt or issuance of third party consents or approvals, including without limitation, governmental registrations of land title and related mortgages in Egypt, governmental approvals related to natural gas exploration rights, rights to purchase natural gas or 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,
- 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, and
- enforcement of contractual arrangements and ability to perform contractual obligations by customers, 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 supply, demand and price for methanol and its derivatives, including demand for methanol for energy uses,
- the price of natural gas, oil and oil derivatives,
- the success of natural gas exploration and development activities in southern Chile and New Zealand and our ability to obtain any additional gas in Chile, New Zealand, and Canada on commercially acceptable terms,
- the ability to successfully carry out corporate initiatives and strategies,
- actions of competitors, suppliers, and financial institutions,
- actions of governments and governmental authorities, including without limitation, implementation of policies or other measures that could impact the supply 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 2010 Management's Discussion and Analysis and this Second Quarter 2011 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 anticipated in forward-looking statements may not occur and we do not undertake to update forward-looking statements except as required by applicable securities laws.