METHANEX CORPORATION

INVESTOR'S CONFERENCE CALL

First Quarter 2010 RESULTS CONFERENCE CALL

April 29, 2010

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 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 2009 annual report for more information.

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 first 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 later.

Firstly, I am pleased to report an improvement to our results in the first quarter. We sold 1.7 million tonnes of methanol which represents a 12% increase over last quarter and our highest volume of quarterly sales since the second quarter of 2007. We have increased sales volumes in anticipation of increased production volumes in Egypt and Chile. In the first half of 2010 we are managing our supply balances by increasing purchases of methanol but expect over the next few years to become less dependant on purchases and supply more sales with produced product. During the first quarter, we achieved an average realized price of $305 per tonne, which was $23 per tonne higher than last quarter and this led to higher EBITDA of $81.5 million and net income of $29 million or $0.31 per share. There were a couple of factors that caused our earnings to be lower than normal and lower than the consensus forecast of $0.42 per share. Firstly, our stock-based compensation was about $0.08 per share higher than it would have been in a quarter in which our share price did not increase. We also have higher vesting of stock compensation in the first quarter of each year due to accounting rules. Secondly, one of the factors that is difficult for analysts to estimate is the level of sales from produced methanol. We make a significant margin on produced methanol, but a much more modest margin on purchased methanol. So, small changes in sales of produced methanol can have a substantial impact on results. Despite achieving higher production in the first quarter, the benefit of this has not yet been reflected in our earnings, as our sales of produced methanol were lower than our production in Q1. If sales were the same as production in Q1, this would have improved our earnings by a further $.05 per share.

I will comment more on the industry and pricing outlook a little later in the call, but first I would like to provide you with an update on our operations.

Our plant in New Zealand, the Motunui plant continued to operate well and we produced 208,000 tonnes of methanol. I will comment more on the outlook for these operations and natural gas supply in that country in just a few moments.

In Trinidad, we produced 455,000 tonnes of methanol, which is a little below capacity for those plants as some technical issues led to a short period of unplanned downtime at our Trinidad site during the first quarter. These issues were resolved in late March and the site has been operating well since that time.   However, we are planning a short outage of the Atlas plant next week to conduct another minor repair.

In Chile, we operated our site at about 1/3 capacity and produced 304,000 tonnes of methanol. This represented our best quarter of production in Chile in two years as we benefited from increased gas supply from the successful new gas development initiatives that are taking place in southern Chile. Again, I will comment more on the outlook for natural gas to our plants in Chile also in just a few moments.

I will switch topics now and address the industry and pricing outlook. As I mentioned on our last conference call, methanol demand has recovered significantly over the past year and current annualized demand has now surpassed pre-recession levels. We are continuing to see improved demand in both chemical and energy derivatives in all regions and current indications are that demand will improve further over the coming quarters.

A strong energy price environment continues to underpin healthy demand for methanol in both fuel blending and DME in China. Demand growth into these derivatives has been very strong in recent years and the outlook for further growth is excellent. China has recently introduced an M85 (or 85% methanol) national standard for blending methanol with gasoline, which took effect on December 1, 2009, and we expect an M15 (or 15% methanol) national standard to be introduced later this year. Provincial programs in China also continue to support more methanol fuel blending. For example, we understand that Shanxi province, which has been blending methanol into gasoline for more than 20 years, is planning to introduce an M30 or 30% blending standard later this year. Also the oil majors such as Sinopec have begun retailing M15 fuels in Shanxi and we understand that by the end of this year all retail stations in this province will be offering methanol blends. On a personal note, I was in China over the last quarter and visited an auto manufacturer who has M-100 (or 100% methanol) vehicles that, subject to the release of a national methanol vehicle standard, are ready for mass commercialization. I had the opportunity to test drive one of these vehicles. I found the performance to be excellent with better acceleration than a similar gasoline powered car.

The DME industry also continued to operate at a higher rate during Q1. In the last two quarters there has been a step change increase in DME operating rates in China and we believe that if high oil and LPG prices persist, there is further upside potential.

Turning to methanol supply, over the last quarter operating rates in the industry have improved. In China, production increased as natural gas based plants operated at higher rates after the lifting of winter gas restrictions and some new plants have begun operation. This has led to some replenishment of global inventories and we have seen some downward pressure on pricing. In April, our average non-discounted price across the various regions is about $350 per tonne and we have just posted our May non-discounted price for North America at $333/per tonne. However, as prices have come down we are seeing some higher cost capacity shut down and in the last week spot methanol prices in both China and Europe have increased. It does seem that at current pricing levels higher cost producers are moderating rates of production.

There are four new methanol plants representing four million tonnes of capacity scheduled to start up outside of China by the end of this year, including our project in Egypt. If all of these plants come on line promptly and operate well, then there may be some downward pressure on methanol prices. However, history teaches us that it may take some time for this capacity to operate at higher rates of utilisation and have a meaningful impact on industry supply. Given the substantial amount of high cost capacity that is operating in the methanol industry today, and if strong energy prices and demand growth continues, this new capacity may not be particularly disruptive to industry pricing.

Longer term, we believe the industry supply and demand outlook is very positive. Apart from the plants expected to start up this year, there is little new capacity expected to come on line outside of China over the next few years. This suggests that even with conservative demand growth assumptions for the methanol industry, supply will be challenged to keep up with demand and this should support a healthy methanol price environment in the next few years. This environment also lines up nicely with our plans to increase production in Chile and possibly at some of our other locations in 2011 and 2012.

I will switch topics now and provide you with an update on the key initiatives we are focused on.

Firstly, natural gas supplies to our plants in Chile. As I mentioned earlier, we achieved a higher operating rate at our Chile site in the first quarter as we operated two plants underpinned by increased gas supply from the new gas development in southern Chile. As I mentioned on the last conference call, we expect an improvement of about 20-25% to our production in Chile in 2010 compared to last year and this assumes that we operate one plant during the southern hemisphere winter when demand for natural gas is higher for residential purposes. In this regard, earlier this month we reverted to operating one plant, so we expect lower production from Chile in Q2. We also expect to be back running two plants again and operating our Chile site at higher operating rates during the third quarter.

We continue to see positive news coming out of southern Chile on the development of new gas supply. The Fell and Dorado Riquelme blocks, where we have contributed capital to accelerate natural gas development, continued to increase gas deliveries to our plants over the last quarter and these two blocks now account for more than half of the gas supply to our site in Chile today. We are also beginning to see the results from the nine other blocks near our plants, in which several international oil and gas companies have been ramping up exploration activity. For example, over the last quarter, PetroMagallanes, who has four exploration blocks in southern Chile, announced a gas discovery and this could result in incremental gas supply to our site later this year. With the momentum building in southern Chile and drilling activity forecasted to increase significantly, we expect production at our Chile site to increase more quickly in 2011 and 2012 and we continue to be optimistic about returning our Chile site back to a four plant operation.

The next project that I wanted to provide you an update on is the new methanol plant in Egypt, which is almost complete. Prior to start-up there are some remaining construction activities and then pre-commissioning to be completed in the process area. Much of the utilities have been in operation for several months and the operating organization has been working shifts for some time to support the utilities operations and pre-commissioning activities. We continue to target first methanol production in mid 2010. We are very excited about the addition of this first class asset into our supply chain which we expect will increase methanol supply to our customers and increase our cash generation in the second half of this year.

Turning to our operations in New Zealand, we currently have sufficient gas to operate our 900,000 tonne Motunui plant until near the end of this year and are close to finalizing contracts with a number of gas suppliers to extend the operation of this plant. Based on the improved outlook for natural gas in New Zealand that has developed in recent years, we are optimistic that we can secure more gas supply in that country and potentially restart more capacity there in the future. In this regard, on the last conference call I mentioned a new initiative we are involved in with a small company, Kea Exploration. We committed around US$10 million to fund some natural gas exploration in the Taranaki region near our plants, and we expect drilling to commence on this prospect in the second quarter.

I will change topics now and make a few comments regarding our liquidity and capital allocation. During the first quarter, we generated $78 million of cash flow from operations before changes in working capital, and we continue to be in a strong financial position. We have conservative leverage, a $200 million undrawn facility, no refinancing requirements until 2012, and a cash balance of $196 million at the end of the quarter. We have two immediate priorities for the use of cash. Firstly, we have a number of excellent opportunities to grow our company. We expect to continue committing capital to accelerate gas development in southern Chile and improving the utilization of that site. And, we also have further potential to increase or restart production in New Zealand and Canada and we may commit some capital at these sites in the coming months. We are in a strong position to satisfy these initiatives and our planned capital maintenance expenditures. And secondly, we are committed to returning excess cash to shareholders. With the Egypt Project starting up soon, our business will have improved potential to generate cash flow, so we would expect to be in a position to build on our strong track record and distribute excess cash to shareholders through both regular dividends and share buybacks.

Before stopping for questions, I will briefly comment on our expectations for the second quarter. Firstly, pricing has moderated a little in the second quarter, so at this point, we would expect to have a lower average price realization, and this should lead to modestly lower earnings. However, with the Egypt Project targeted to commence operations later this year and Chile expected to be back operating at higher rates in Q3, we believe that an improving trend of cash flows and earnings is again likely in the second half of the year.

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

Closing comments

Thanks everyone for your comments. We have got our Annual General Meeting in fact in another hour and I know we will be webcast. So if any of you is interested in continuing to learn more about Methanex you are welcome to join us in another hour.

I feel very positive and optimistic about the situation that we are confronted with. We are in an environment where the demand for methanol continues to grow robustly, energy prices are high and we talked about the outlook for energy applications. And we are sitting here with lots of opportunities to grow our low cost production base to take advantage of the positive environment we are in. So I look forward to the next few quarters and the next few years as I think we are in for a great run here. So in the meantime thanks for your support and will talk to you in the next quarter.

FORWARD-LOOKING INFORMATION WARNING

This First Quarter 2010 Management's Discussion and Analysis ("MD&A") as well as comments made during the First Quarter 2010 investor conference call contain forward-looking statements with respect to us and the chemical industry. Statements that include the words "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates," "anticipates," or the negative version of those words 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,
- anticipated production rates of our plants, including the new methanol plant in Egypt targeted for startup in mid-2010,
- expected levels of natural gas supply to our plants,
- capital committed by third parties towards future natural gas exploration in Chile and New Zealand, anticipated results of natural gas exploration in Chile and New Zealand and timing of same,
- expected capital expenditures and future sources of funding for such capital expenditures, including capital expenditures to support natural gas exploration and development in Chile and New Zealand,
- expected operating costs, including natural gas feedstock costs and logistics costs,
- expected tax rates,
- expected cash flows and earnings capability,
- anticipated completion date of, and cost to complete, our methanol project in Egypt,
- 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 or capacity expansions,
- financial strength and ability to meet future financial commitments,
- expected global or regional economic activity (including industrial production levels), and
- expected actions of governments, gas suppliers, courts and tribunals, or other third parties, including establishment by the Chinese government of new fuel blending standards.

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,
- production rates of our facilities, including the new methanol plant in Egypt targeted for startup in 2010,
- success of natural gas exploration in Chile and New Zealand,
- receipt or issuance of third party consents or approvals, including without limitation, 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,
- timing of completion and cost of our methanol project in Egypt,
- 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 or global pandemics,

- absence of a material negative impact from changes in laws or regulations, and
- performance of 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 those regions or other regions on commercially acceptable terms,
- the timing of start-up and cost to complete our new methanol joint venture project in Egypt,
- the ability to successfully carry out corporate initiatives and strategies,
- actions of competitors and suppliers,
- actions of governments and governmental authorities including implementation of policies or other measures by the Chinese government or other governments that could impact the 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,
- world-wide economic conditions, and
- other risks described in our 2009 Management's Discussion and Analysis and this First Quarter 2010 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.