METHANEX CORPORATION

INVESTORS' CONFERENCE CALL

Second Quarter 2010 RESULTS CONFERENCE CALL

July 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 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 later.

Firstly, some comments on our results. In the second quarter, we reported EBITDA of $57 million and net income of $12 million or $0.13 per share. We sold about 1.7 million tonnes of methanol at an average realized price of $284 per tonne, which is about $20 per tonne lower than last quarter and this was the primary reason for the lower earnings compared to last quarter. Our second quarter results were also impacted by lower production in Chile and Trinidad which negatively impacted our cost structure and reduced sales of produced methanol.

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.

As I mentioned a moment ago, production in Trinidad in the second quarter was disappointing. We produced 320,000 tonnes of methanol which is significantly below capacity, as the Atlas plant was down for about two months to complete a repair to the reformer and this resulted in about 190,000 tonnes of lost production to us. The repair was completed at the end of June and the plant has been operating well since that time. On a positive note, the Titan plant operated well, producing at full operating rates during the second quarter.

In Chile, we operated one plant during the second quarter and produced about 230,000 tonnes of methanol. As mentioned on previous occasions, we receive less gas supply from ENAP during the southern hemisphere winter when more gas is required for residential heating purposes and this was the primary reason for lower production at our Chile site. In addition, cold weather conditions caused some issues for gas infrastructure and also we have observed declines in deliverability from ENAP's gas fields in recent years. Both of these factors also contributed to lower gas deliveries in the second quarter. I will comment more on the outlook for natural gas to our plants in Chile again in just a few moments.

Finally, in New Zealand, the Motunui plant continued to operate well and produced 216,000 tonnes of methanol. I will also comment more on the outlook for our operations and natural gas supply in that country in just a few moments.

I will switch topics now and address the industry and pricing outlook.

Methanol demand over the last quarter has continued to increase and we estimate it has reached all-time highs of about 45 million tonnes on an annualized basis. Traditional chemical demand has shown further improvement in most regions while methanol demand into energy applications also continues to be strong, driven primarily by demand in China.

Demand for fuel blending in China has continued to grow and currently we estimate about 4.5 million tonnes or about 10% of global methanol demand is used as fuel in China. We have in the past mentioned that China is reviewing the creation of an M15 national methanol standard. Over the last quarter, Xinhua, one of the official news agencies for the Chinese government, reported that the draft version of the M15 national methanol standard has been completed and after further review, the final standard should be issued within this year. We expect this standard should act as a further catalyst for growth as it will encourage methanol fuel blending to be introduced on a wider scale in China.

While fuel blending demand growth in China alone provides significant upside to methanol demand, we believe there is also good potential outside of China and we continue to promote the use of methanol fuel blending in other countries. It was interesting to read some of the conclusions from a recent study from MIT focussed on natural gas which assessed various options for converting natural gas into a transportation fuel and singled out methanol as the best option.

DME in China also continued to be strong in the second quarter and we estimate this market has grown to over three million tonnes of methanol demand on an annualized basis. As we enter the summer months, demand for DME and LPG in heating in China is typically lower so we expect some short term reduction in demand. Also, there have been some recent reports of inspections initiated by the Chinese government agencies to address concerns about over-blending of DME into LPG and this may also contribute to some short term volatility around DME demand. However, longer term, we believe that methanol demand growth into DME and other energy applications in China will continue to be strong as it has been in recent years. Many of you may have read about the report that came out from the International Energy Agency last week that highlighted the strong energy demand growth in China. The report stated that China's energy use has doubled over the last decade and has recently surpassed the United States as the largest energy market in the world. With the Chinese government being supportive of methanol as a clean burning alternative fuel to meet the growing energy needs of the country, this environment is certainly attractive for the long term demand growth prospects for methanol.

Turning to methanol supply, over the last quarter, two new world-scale methanol plants in Brunei and Oman started up and supplied methanol to the market. At the same time we saw some higher cost capacity shut in and, as is typical in the methanol industry, there were significant planned and unplanned outages. Thus, despite new capacity coming on stream, a strong demand environment coupled with supply issues brought markets into balance and pricing has remained relatively stable. For July, our average non-discounted price across the various regions of the world is about $325 per tonne and we just announced our North America non-discounted price for August at $350 per tonne, which is the same as our July price.

There are two other world-scale methanol plants with capacity totalling 2.2 million tonnes which are expected to start up in the second half of this year, including our own Egypt Project which I will provide an update on shortly. These new plants may cause some short term volatility in pricing, however longer term, the industry supply and demand outlook remains very attractive. Apart from the plants coming on line this year, there is little new capacity expected to come on line over the next few years. This suggests that supply will be challenged to keep up with anticipated demand growth and this should support a healthy methanol price environment over the next few years. This environment also lines up well with our plans of increasing production in Chile and at some of our other locations over the next few years.

On this note, I will switch topics and provide you with an update on the key initiatives we are focused on to increase production.

Firstly, natural gas supplies to our plants in Chile. We are currently operating one plant in Chile at a site operating rate of about 20-25%, and expect to operate at a similar rate during the third quarter. As I mentioned earlier, our gas supply is negatively impacted during the southern hemisphere winter and we expect this factor to continue to impact production in Q3. However, we still expect to be back operating two plants at reduced rates later this year after the southern hemisphere winter is over. At this time, we also expect to be receiving more gas supply from the two gas producing blocks - GeoPark's Fell Block and the Dorado Riquelme block, where we have a joint venture with the Chilean state-owned oil and gas company, ENAP. These two blocks continue to generate new gas discoveries and today they are supplying us with about 70% of the total gas supply to our Chile site.

However, in part due to the weak economic environment over the past couple of years, the overall pace of gas development in southern Chile has been slower than expected. Reflecting this, we have recently reduced our expectations for Chile production over the next couple of years and we are now forecasting about a 10% improvement to our annual production in Chile in both 2010 and 2011.

After 2011, we continue to expect a more significant improvement in Chile production. By this time, several of the international oil and gas companies that are exploring in the region are expected to shift their exploration activities from seismic work and regulatory approvals to drilling more development wells. Our current expectation is that about 200 wells will be drilled between now and the end of 2012. In addition, the Chilean government announced over the last quarter their interest to assign additional areas to the private sector over the next year which should further increase the level of E&P activity in southern Chile. In short, while the pace of development in southern Chile has been disappointing, based on the success we have seen to date and the significant increase in drilling activity expected in the next few years, we continue to believe that we can increase our operating rate in Chile considerably in the next few years. Nothing has changed our medium to long term views about prospectivity and the potential to substantially ramp up our production facilities in Chile.

The next project that I wanted to provide you an update on is our new methanol plant in Egypt. Construction on the Egypt project is essentially complete and the plant is currently in the commissioning phase. As mentioned on the last quarterly conference call, we have experienced some delays in construction, but these are now largely resolved. In the last few weeks, we have met important commissioning milestones, giving us more confidence in the forward schedule, which should result in methanol production in the fourth quarter. We are very excited about the prospect of adding this first class asset into our supply chain which will increase methanol supply to our customers and increase our cash generation significantly.

[Recent photos of the Egypt Project have been posted under the Global Locations section of our website at www.methanex.com]

Turning to our operations in New Zealand, I am pleased to report that over the last quarter we have finalized gas contracts with a number of gas suppliers which will underpin production at our existing 900,000 tonne Motunui plant until the end of 2011 with some options for further gas in 2012. In addition, with the improved gas supply and demand outlook that has developed in New Zealand, we are seeing a more competitive gas pricing environment and better potential to contract increasing quantities of gas to supply our plants. Also, as I have mentioned on previous calls, we are involved in an initiative with Kea Exploration in New Zealand to fund some natural gas drilling activity in the Taranaki region near our plants. Over the last quarter, Kea began its drilling program, and while the first well drilled did not prove to be commercial, it tested positive for gas which was an encouraging result. Together with Kea we are reviewing the data from this well to decide on next steps and we expect further information on this prospect during this quarter.

The final initiative I wanted to provide you an update on is our project to potentially restart our plant in Medicine Hat, Alberta. Our goal has been to secure a commercially acceptable gas contract with a supplier in the region that would underpin a restart of the plant. To date, we have had little interest from gas suppliers to support a longer term contract but we continue to explore options, including contracting on the spot and forward markets. At the current Alberta spot gas market of about

$3.50/mmbtu, the economics of the Medicine Hat plant would be quite attractive. If we were operating the plant today, we could recover the capital required to restart the plant in about 12 months. However, the forward market for gas in Alberta is more expensive and make the economics more challenging. We are completing some site preparation work at the plant site which will put us in a position to restart the plant by mid-next year if we are successful in securing gas supply. We expect to make a final decision on this project later this year.

I will change topics now and make a few comments regarding our liquidity and capital allocation. During the second quarter, we generated $44 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 operating facility, no refinancing requirements until 2012, and a cash balance of $178 million at the end of the quarter. Our immediate priority for the use of cash is to take advantage of the excellent opportunities to increase production at our existing sites that require only a modest amount of capital. Specifically, we plan to continue committing capital to accelerate gas development in southern Chile. And, if we proceed with our projects to restart capacity in New Zealand and Canada, we would commit some capital at these sites in the coming months. We are in a strong position to satisfy these initiatives, completing the Egypt project and our planned maintenance expenditures.

Before stopping for questions, I will comment on our expectations for the third quarter. Firstly, as a result of the Atlas outage and lower production levels in Chile, we start the third quarter with lower than normal inventories of produced methanol and higher than normal inventories of higher cost purchased methanol. So, while we expect sales to continue to be strong in the third quarter, we also expect a lower level of produced methanol sales which will result in reduced margins. Secondly, spot methanol prices have moderated a little early in the third quarter, but there are many variables that affect pricing and we are reluctant to even suggest the trend. However, taking both levels of produced sales and selling prices into account, we expect earnings to be lower in the third quarter.

I hope that you have gathered from my comments a level of frustration and disappointment over the current lower levels of production and earnings. We set ourselves high standards in operating our plants and delivering against our plans and our performance falls well short of expectations. However, while these short term issues are frustrating, nothing has changed longer term. The demand supply outlook for our industry looks very promising and this, together with strong energy prices, can be expected to support strong methanol pricing. And, Methanex is in a unique position of being able to increase production capacity with only modest capital expenditures. This combination of pricing and capacity addition can be expected to be a significant driver of value.

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

Closing comments

Thanks again everyone for participating in the call and for your questions and your interest. I do feel a real sense of disappointment in the last quarter from the performance we've had from our plants and particularly the Atlas plant in Trinidad. We can find lots of excuses and reasons for it but it's not the standard we set ourselves and I say the same for natural gas in Chile that when we make plans we want to execute against those plans and that's one of the big drivers for our company in the next couple of years that we want to be able to deliver. And it's disappointing to me that in Egypt and Chile and generally just running our plants - it doesn't feel to me as though we have been good at delivery in the last 6 our 8 months. So that's something you can be assured that we're spending a lot of time and effort on within the company and I continue to feel incredibly positive and optimistic about the future. All of the long term things that we talked about are still in place. We are very positive about gas in Chile and the prospectivity there. I'd like to think at this time next year we will either be running a plant in Medicine Hat or close to and getting close to making a similar decision in New Zealand. So we are on this path to doubling our production volume with competitively priced natural gas and again those of you that follow our company and analyse the numbers know that we make money when we produce lots of methanol and that's the path we are on and the reason that we are not making money today in a healthy pricing environment is because we are not producing enough. So we certainly recognize that as the issue and we are driving hard to correct that. So again thanks for your input and we look forward to talking again next quarter.

FORWARD-LOOKING INFORMATION WARNING

This Second Quarter 2010 Management's Discussion and Analysis ("MD&A") as well as comments made during the Second 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 to commence production in the fourth quarter of 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 Second 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.