METHANEX CORPORATION

INVESTORS' CONFERENCE CALL

Third Quarter 2011 RESULTS CONFERENCE CALL

October 27, 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. For clarification, 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 third 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 on.

Firstly some comments on our results. Over the last 4 or 5 quarters we have seen a steady improvement in the key underlying drivers of our business. Sales volumes, production and prices have all shown an increasing trend which in turn has led to higher EBITDA and Net Income. Sales volumes in the third quarter of 1.9 million tonnes were slightly higher than the second quarter and this reflects continuing strong demand for methanol. We reported EBITDA of $135 million and net income of $62 million or $0.67 basic net income per share. The average realized price for methanol was $14 per tonne higher than last quarter and we sold higher volumes of produced methanol from our Egypt and Medicine Hat plants, that are now fully integrated into our results. Produced sales would normally have been higher; however, production and sales from the Atlas plant were lower than normal as the plant has been operating at reduced rates. Our third quarter EBITDA includes a recovery of about $21 million related to stock based compensation as our share price was down by over 30% during the quarter. Related to this, you will see in our results an unusually large difference between our basic net income per share of $0.67 and our fully diluted earnings per share of $0.59. The reason for this difference is that IFRS accounting rules that we recently adopted allow for less of the stock based compensation recovery to be reflected in the diluted earnings per share calculation. Had we still been reporting under US or Canadian GAAP the dilution effect would have been somewhat lower. I would summarize the quarter by saying that our core business continued to demonstrate good improvements over prior quarters while mark to market accounting created some noise in our reported numbers. I will be commenting more on our expectations for the fourth quarter and the industry and pricing outlook a little later in the call, but before I do that I will make some brief comments on our operations.

Our Trinidad operations produced 394,000 tonnes of methanol in Q3 compared to production capacity of about a half million tonnes. As mentioned on the last conference call, the Atlas plant experienced a three-week outage early in the third quarter due to an equipment failure. As a result of this issue, the plant has been operating at about 70 percent rates. We expect the plant to be back operating at full rates after we complete a planned turnaround and the equipment repair in the first quarter of next year. The Titan plant ran very well in the third quarter and produced at full capacity although we are experiencing some gas curtailments at the site. The natural gas delivery system in Trinidad is not well established to manage outages in the upstream and this has been the primary cause of these supply disruptions. All of the downstream gas users in Trinidad are engaged with the government to find a solution to this issue but, in the meantime, we expect to continue to see a modest level of shortfall on gas supply commitments. Shareholders may also have noted that BP have announced their intention to sell their shareholding in the Atlas plant with a target to close a sale this year. We own over 60% of this facility and so obviously are very interested in acquiring BP's interest and are working through their process.

Our Motunui plant in New Zealand also operated very well, running at full operating rates and produced 209,000 tonnes in the third quarter. In Chile, we were only able to run one plant continuously throughout the southern hemisphere winter at about forty percent capacity and produced 116,000 tonnes of methanol. I will comment more on the outlook for the operations in both Chile and New Zealand in just a few moments.

The Egypt Plant operated at full capacity in the third quarter and produced 191,000 tonnes based on our 60% interest. Production from the Egypt plant has been excellent and has exceeded our expectations. While it is normal to expect a lower operating rates in the first year of operation for a new plant, the Egypt plant has been consistently operating at full rates starting up in March.

Finally, our plant in Medicine Hat, Alberta also achieved excellent operating performance in the third quarter, producing 125,000 tonnes, slightly above capacity for that plant. Over the last quarter, we contracted a further gas supply on the AECO market that will provide certainty regarding production economics until March 2013. We remain confident that long term natural gas dynamics in North America will support the long term operation of this facility.

Turning to industry conditions, despite increasing concerns over the global economy, we have not seen any significant impact on global methanol demand. Methanol demand continued to be healthy in the third quarter and we are currently expecting further demand growth in the fourth quarter. Demand in Europe and the United States has been relatively stable while in Asia, which represents over 60% of the global methanol demand, the market has continued to grow. Healthy industrial production rates in Asia, and particularly in China, have continued to drive methanol demand into chemical applications. Also both fuel blending and DME demand in China have been strong and both uses have continued to grow at double-digit rates over the last year. During Q4, colder temperatures in China are expected to increase DME demand for heating purposes. Two new Methanol-to-Olefins plants came on line over the past quarter in China in Inner Mongolia and Henan province and there are now four operating MTO plants in China consuming over five million tonnes of methanol per year when operating at capacity. While these plants are integrated with their own captive methanol supply, some of these plants also rely on merchant methanol to supplement their methanol production and this has been another factor that has contributed to tighter market conditions over the past few quarters.

Turning to methanol supply, the industry operated at a low rate in the third quarter. As is typical, there were many planned and unplanned outages across the global industry and a high level of planned outages is expected in the fourth quarter as well. Chinese production also continued to operate at low rates due to various factors including feedstock and logistical constraints, maintenance outages, and economics. Despite moderating crude oil prices, coal pricing in China has continued to be strong over the past quarter and this has placed further pressure on higher cost producers in that country. These factors, combined with the healthy methanol demand environment, led to lower inventories and higher prices in the third quarter and pricing has strengthened further early in the fourth quarter. The European quarterly contract price is higher in Q4 and, earlier this week, we posted methanol prices for November, at the same level as October pricing.

Looking out longer term, there is little new capacity expected to come on line over the next few years, which suggests that even with modest industry demand growth, it will be a challenge for supply to satisfy demand. This implies that a strong pricing environment will be needed to entice higher cost industry capacity to operate. This outlook matches well with our plans to increase production over the next few years.

On this note, I will switch topics and provide you with an update on our key initiatives to increase production and capitalize on the favourable industry outlook.

Firstly in Chile, as mentioned earlier, we have been operating one plant at about forty percent capacity and we expect similar operating rates over the next few quarters. In recent weeks, temperatures in the southern hemisphere have increased and we have received higher gas deliveries as less gas is required for residential heating purposes. However, offsetting this, there are natural declines of gas from existing wells so our operating rate continues to be quite low. While we expect the short term to continue to be challenging in terms of natural gas availability, longer term we continue to believe there is considerable upside to Chile production and that natural gas supply from southern Chile can sustain a multi-plant operation. During the next few months there is a fraccing campaign that is expected to improve delivery volumes and, as the winter in the Southern Hemisphere ends, drilling and exploration activity is increasing. In addition, the Chilean government is in the process of granting five new exploration blocks in southern Chile to GeoPark, Repsol YPF, and Wintershall. These blocks are located on the island of Tierra del Fuego, most of them close to existing infrastructure.

As I have mentioned on earlier calls, we are looking at other potential options to recover capacity from our Chile operations. We are working on a project to relocate one plant to the U.S. Gulf Coast and another project to convert one of the plants to coal feedstock from local supply sources. We have continued to make good progress on both these projects. We are currently evaluating a number of potential sites in the U.S. Gulf Coast and we have commenced the preliminary engineering studies for both projects. We expect to complete the FEED work and be in a position to finalize commercial arrangements by mid-2012. We are working to an aggressive timetable, as both of these projects offer the potential for long-term competitive cost methanol capacity and we believe they can be executed in about half the time and at a lower capital cost than a greenfield methanol project. Based on these factors, they have the potential to create significant value for shareholders. And, the timing is excellent. As mentioned a moment ago, there is little capacity expected to enter the market over the next several years during which these projects would come on line.

Finally, turning to our operations in New Zealand. As I mentioned on previous occasions, based on the improved natural gas supply position that has developed in New Zealand over the last several years, we believe that we will be able to secure more natural gas supply to enable us to restart a second plant. We are continuing discussions with gas suppliers and are optimistic that we can secure sufficient gas contracts to underpin the restart of a second plant in mid-2012. In addition, earlier this month, under an agreement with Kea Petroleum, we agreed to fund 50% of the drilling activity in the Mauku prospect in the Taranaki Region near our plants. The capital commitment for this investment is modest at under US$10 million for which we secure rights to all of the gas discovered in the prospect. So, while it is a speculative investment, it offers the potential to provide a significant long term gas supply with a very competitive cost structure.

I will change topics now and make a few comments regarding liquidity and capital allocation. During the third quarter, we generated $119 million of cash flow from operations. We have conservative leverage, a $200 million undrawn operating facility, and a cash balance of $261 million at the end of the third quarter. We plan to continue committing capital to gas development in both southern Chile and New Zealand and if we are successful in securing gas for the restart of a second plant in New Zealand, we would expect to spend about $60 million to refurbish the plant. We are well positioned to satisfy these initiatives and planned maintenance expenditures. And as mentioned earlier, we are aggressively working on coal and relocation projects in Chile and working through the process concerning BP selling its share of the Atlas plant. We believe that these are all excellent projects that will provide great returns for shareholders, and that we have the financial capacity to fund these projects from existing resources and debt capacity. Longer term, we expect to build on our strong track record and return more cash to shareholders through dividend increases and share repurchases.

Before stopping for questions, I will comment briefly on our expectations for the fourth 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, as commented earlier, the industry and pricing environment has remained strong and we expect a slightly higher price realization in Q4. Secondly, while it is difficult to forecast produced methanol sales, a reasonable assumption would be for an improvement in our produced sales in Q4 compared to Q3. Combining these two factors should result in higher cash flow generation and core EBITDA in Q4 before adjusting for stock based compensation. As I noted earlier, IFRS accounting rules are creating considerably more volatility to our earnings. The stock price at September 30th was at what looks like a cyclical low, and we have seen a substantial recovery in recent weeks. If our share price is maintained at about today's levels for the balance of this quarter, we would expect there to be stock-based compensation expense of approximately $10 million in Q4 compared to a $21 million recovery in Q3. Although we expect our core earnings to improve in Q4, after taking account of the impact of stock based compensation, earnings per share may be a little lower. Looking out to next year we have further upside to our earnings, when the Atlas plant is back operating at full rates and with the potential for a second plant in New Zealand.

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

Closing comments

Thanks everyone for participating. To reiterate what I have said over the last few quarters, this is a really exciting time for our company. The methanol industry is in a great position with continued strong demand growth and, despite all the economic turbulence we see, there is stability of demand and pricing and very little happening on the supply side in the next few years. And in this environment we have lots of growth opportunities - whether it is acquiring a further stake in Trinidad or expanding in New Zealand or relocating to the U.S. Gulf or the coal project, we have lots of things we can do to grow our company in a very positive demand environment. So I hope you all feel as excited as I do and I look forward to continuing to report to you strong earnings in the future. Thank you for your participation and good morning to all of you.

FORWARD-LOOKING INFORMATION WARNING

This Third Quarter 2011 Management's Discussion and Analysis ("MD&A") as well as comments made during the Third 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 each of 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, plant relocations, or other business initiatives or opportunities,
- 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,
- absence of 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, 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 Third 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.