

METHANEX CORPORATION

INVESTORS' CONFERENCE CALL

Fourth Quarter 2011 RESULTS CONFERENCE CALL

January 26, 2012

****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. Please also note that starting this quarter, we have changed our definition of Adjusted EBITDA to exclude the mark-to-market impact on share based compensation. We have made this change to EBITDA to make it a better measure of underlying operating performance which we expect will make analysis of our results more straightforward.

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 to everyone and welcome to the our fourth quarter investor conference call. I have a number of colleagues with me in the room and they will be here to help answer questions a little later on.

Firstly some comments on our fourth quarter results. I am pleased to report what I think is a very positive quarter. We reported higher EBITDA of \$133 million and Net Income of \$64 million or \$0.68 per share. Both are a significant step up from Q3 and based on year over year comparisons. We reported our highest quarter of produced methanol sales since 2007 and highest level of quarterly sales since 2005. We also achieved an average realized price of \$388 per tonne, \$11 higher than last quarter. Higher volumes of sales and higher prices of course drove improvement in EBITDA. The results also confirm that we have not seen much in the methanol industry resulting from the economic uncertainty in recent months. Demand for methanol has remained quite stable and prices have also been relatively stable. We also reported a lower than normal tax rate of 14% during the quarter which provided a further benefit to our earnings. While the structural tax rate guidance we have provided in the past is 25%, it is normal for the

tax rate to vary from quarter to quarter due to the variability of where our sales are sourced from. In Q4, more sales were sourced from lower effective tax rate jurisdictions. I will provide some more comments related to our expectation for future tax rates in just a few moments.

I am also pleased to report significantly better results for the entire year of 2011. We achieved record sales volumes of 7.5 million tonnes and reported EBITDA of \$427 million which was 50 percent higher than our 2010 results. There is significantly more upside potential to our results, as we are expecting a further step up in production this year and over the next few years. I will be commenting more on the growth initiatives as well as our expectations for the first 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 during the quarter.

Our Trinidad operations produced 375,000 tonnes of methanol compared to production capacity of about a half million tonnes, as both plants operated below capacity. As we mentioned on prior occasions, the Atlas plant has been operating at about 70 percent rates since the third quarter as a result of an equipment failure. In early January, we commenced a maintenance outage of the Atlas plant and are now completing the repair. We expect the plant will be down for about 40 days and back operating at full rates in mid-February. The Titan plant operated at 80 percent in Q4, primarily as a result

of the need to complete some repairs to the plant and some gas curtailments experienced at the site. As I mentioned on the last conference call, 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, until this issue is resolved, we expect to continue to see some shortfall in gas supply commitments.

Our Motunui plant in New Zealand operated very well in the fourth quarter, running at full rates and produced 211,000 tonnes of methanol. I will comment shortly on the outlook in New Zealand and our recent announcement related to the second plant at Motunui later this year

In Chile, we continued to operate one plant at about forty percent capacity and produced 113,000 tonnes of methanol, which was similar to last quarter. We are working closely with all our gas suppliers in the region to manage the seasonality of gas demand with the objective of running our plants at more stable rates through 2012. I will also comment on the outlook for Chile in just a few moments as well.

The Egypt Plant produced 132,000 tonnes in the fourth quarter based on our 60% interest. In November, civil unrest increased in various regions in Egypt

leading up to the parliamentary elections, including in Damietta where there were protests in the area near our plant. For the safety and security of our employees, we curtailed operations at the plant for about a month. In early December, conditions stabilized in Damietta and we restarted the plant. Since that time the plant has been operating very well at about 102% of capacity. We are particularly pleased with the performance of the plant in Egypt during 2011. At 100% ownership rates, we produced 887,000 tonnes of methanol. Just to remind you this is a 1.3 million tonnes plant and the plant started up in February so that represented a reliability rate during the year of about 94% which for a new plant is an exceptionally good result.

Finally, our plant in Medicine Hat, Alberta operated very well in the fourth quarter, producing 130,000 tonnes of methanol, which is above expected capacity for that plant. Over the last quarter, we contracted further natural gas supply on the AECO gas market that will underpin production at the plant until October 2013. We are confident that long term natural gas dynamics in North America will support the long term operation of this facility.

Turning now to industry conditions, as I mentioned earlier, methanol demand overall has remained relatively stable. While there have been some minor pockets of softness in some traditional derivatives, these have been offset by areas of strength, such as DME, which has benefitted from higher

demand in China with the recent colder winter temperatures. Early indications are that demand will remain steady in the first quarter. We are currently in the Chinese New Year holiday period which tends to result in a temporary slowdown in manufacturing activity, however, there is an expectation that demand will pick up after this holiday. It is interesting to reflect back on global demand over the past year. While there has continued to be weakness in developed economies, global methanol demand grew at about six percent during 2011. Strong industrial production in China has driven healthy growth in chemical derivatives, while a high crude oil price environment has continued to support strong demand growth into energy derivatives such as gasoline blending and DME in China.

Turning now to supply, as is normal in our industry, there were a significant number of planned and unplanned outages in the fourth quarter, including in China where operating rates remained low. Recently we have seen natural gas based methanol plants in China operate at lower rates as more feedstock is redirected for heating purposes in the winter. Overall, methanol markets have remained fairly balanced and the pricing environment has been relatively stable. This morning we posted methanol prices in the U.S. for February, at the same level as January pricing.

Longer term, demand growth is expected to significantly outweigh new supply additions in the industry over the next several years. This implies

that a strong pricing environment will be needed to entice higher cost industry capacity to operate, and 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 New Zealand, as we announced last week, we are very pleased to have secured a ten-year gas supply agreement with Todd Energy and are planning to restart the second plant at Motunui in the middle of this year. This will increase the capacity of the site by 650,000 tonnes to 1.5 million tonnes, and underpins a long term future for our operations in New Zealand. The remaining capital required to restart the plant is about US\$60 million. Our success in increasing production in New Zealand is underpinned by the improving natural gas supply position that has developed in that country over the last several years, and the completion of this long-term supply agreement with Todd is a reflection of the improving fundamentals. We expect the new agreement to supply up to about 750,000 tonnes of methanol production over the next ten years, which translates into about \$3 Billion of additional methanol revenues in today's pricing environment. And based on the low capital cost required to restart the plant, this project is expected to create significant value for shareholders

Turning to our Chile assets, as mentioned earlier, we have continued to operate one plant at about forty percent capacity and we expect similar operating rates over the next few quarters. While we expect the short term to continue to be challenging in terms of natural gas availability, longer term we continue to believe that natural gas supply from southern Chile can sustain a multi-plant operation. We expect gas exploration to yield gas flows in a number of new blocks this year and a new fracking campaign is currently underway that has the potential to improve delivery volumes over the next year. The Chilean government is also 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.

In addition to supporting gas development, we are also aggressively developing other projects to increase production from our Chile assets. We have made excellent progress on a project to relocate one of those Chile plants to the U.S. Gulf. As announced last week, we secured land in Geismar, Louisiana which is an excellent location for a methanol plant and a region with a very positive business environment. There is significant methanol consumption within very close proximity to the plant site, and the extensive infrastructure which is in place will simplify the scope of the project and reduce capital expenditure. We are currently working on

permitting and detailed engineering and expect to make a final decision on the project in Q3 of this year, after we have better defined capital costs. We are working to an aggressive timetable and we are targeting for the plant to be operational in the second half of 2014. The Project benefits from the low natural gas price environment in the U.S. and it can be completed at a lower capital cost and in significantly less time than a new greenfield methanol plant. The site we have secured in Louisiana has space for multiple plants, so we will consider further future expansion.

We have also continued to examine the viability of converting one of the plants in Chile to operate on coal sourced from southern Chile. We are in discussions with coal suppliers regarding feedstock supply and with engineering firms to assess different coal gasification technologies. We expect to complete the engineering studies later this year, and, assuming the project satisfies our investment criteria, we will be producing methanol from coal in Chile in early 2015. Similar to the relocation project, we believe coal gasification may offer an opportunity to lever our existing assets and offer a competitive cost position compared to a new greenfield plant.

I will change topics now and make a few comments regarding liquidity and capital allocation. During the fourth quarter, we generated \$122 million of cash flow from operations. We have conservative leverage, a \$200 million undrawn operating facility, and a cash balance of \$351 million at the end of

the year. We plan to continue committing capital to gas development in both southern Chile and New Zealand and are spending about \$60 million this year to restart the second plant in New Zealand. We are well positioned to satisfy these initiatives and planned maintenance expenditures. And, as mentioned, we are aggressively working on relocating a plant to Louisiana and are assessing the coal project in Chile. We believe that these are all excellent projects that will provide great returns to shareholders, and that we have the financial capacity to fund these projects from existing resources, debt capacity, and cash generation. And with our production and cash flow generation having significant upside potential, we expect to be in a position to continue growing our regular dividend over time, and, over the next few years, be able to build on our strong track record of returning cash to shareholders through share repurchases.

Before stopping for questions, I will comment briefly on our expectations for the first 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, contract prices are a little below Q4 levels, so we would expect a slightly lower price realization in Q1. Secondly, while it is difficult to forecast produced methanol sales, you will notice that produced methanol sales exceeded production in Q4, and with Atlas currently down for maintenance and some of our assets operating below capacity over the past quarter, it would be a reasonable assumption to expect that sales of produced

methanol will be lower in Q1 compared to Q4. Thirdly, we are taking advantage of an opportunity, in the face of a weak shipping market to rationalize our vessel exposure and storage capacity. We expect this transaction to be cash neutral however; it will result in a one time charge of about \$7 million after tax in Q1. We recover this charge in the form of lower shipping and storage costs over the next couple of years. Another factor that will impact net earnings is stock based compensation expense. The recent strong increase in our stock price will result in an increased expense. Assuming a stock price of US\$28 per share at the end of Q1 we expect that the total charge for stock based compensation for the quarter will be about 15 cents per share. Finally, we expect our tax rate for 2012 to average between 20 and 25% with a bias towards the bottom end of the range given our current production mix. Based on all these factors, we expect lower EBITDA and lower net earnings in Q1. However, assuming reasonable methanol price stability we would expect improving earnings as the year progresses with incremental production from Atlas and later in the year from New Zealand. I think that 2012 is going to be a very good year for Methanex.

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

Closing comments

Thanks everyone for participating in the call. I hope you've gleaned from today's comments that we are very positive about the future of the company. In 2011 from an earnings per share point of view, it was the third best year in the history of the company. That's despite the fact that we had some interesting challenges with the project in Egypt and some interesting challenges around the world with the economy. So, despite all of that we've had a really great year in 2011 and we have a lot of things on our plate in terms of a ways to grow the business. We've talked today about the New Zealand plant starting up shortly, the coal gasification project, the relocation project which is making fabulous progress. All of this coming at a time when the industry is short of supply and prices are strong. So I think we are really uniquely placed in this industry to grow our position to provide greater security of supply to our customers and to increase the value proposition for our customers. So I look forward as this year unfolds to reporting better earnings as we continue throughout the year. Thanks for your support and look forward to talking to you again at the end of next quarter.

FORWARD-LOOKING INFORMATION WARNING

This Fourth Quarter 2011 Management's Discussion and Analysis ("MD&A") as well as comments made during the Fourth 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," "potential," "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 and length of planned maintenance outages,
- expected methanol and energy prices,
- expected levels, timing and availability of economically-priced 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,
- capital committed by third parties towards future natural gas exploration and development,
- expected capital expenditures, including without limitation, those to support natural gas exploration and development for our plants 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 Motunui 1 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, plant restarts, 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 outcomes of litigation or other disputes, claims and assessments,
- 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,
- 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,
- accuracy and sustainability of opinions provided by our legal, accounting and other professional advisors,
- 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 Fourth 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.