

**Methanex Corporation**

**Consolidated Statements of Income** *(unaudited)*

*(thousands of U.S. dollars, except number of common shares and per share amounts)*

	<b>Three Months Ended</b>	
	<b>Mar 31 2018</b>	<b>Mar 31 2017</b>
<b>Revenue</b>	<b>\$ 961,825</b>	<b>\$ 810,349</b>
<b>Cost of sales and operating expenses</b>	<b>(660,565)</b>	<b>(559,314)</b>
<b>Depreciation and amortization</b>	<b>(59,172)</b>	<b>(55,972)</b>
<b>Operating income</b>	<b>242,088</b>	<b>195,063</b>
<b>Earnings of associate (note 5)</b>	<b>20,462</b>	<b>16,989</b>
<b>Finance costs</b>	<b>(24,180)</b>	<b>(23,317)</b>
<b>Finance income and other expenses</b>	<b>3,649</b>	<b>3</b>
<b>Income before income taxes</b>	<b>242,019</b>	<b>188,738</b>
<b>Income tax expense:</b>		
<b>Current</b>	<b>(32,988)</b>	<b>(25,408)</b>
<b>Deferred</b>	<b>(11,724)</b>	<b>(12,302)</b>
	<b>(44,712)</b>	<b>(37,710)</b>
<b>Net income</b>	<b>\$ 197,307</b>	<b>\$ 151,028</b>
<b>Attributable to:</b>		
<b>Methanex Corporation shareholders</b>	<b>\$ 168,683</b>	<b>\$ 131,569</b>
<b>Non-controlling interests</b>	<b>28,624</b>	<b>19,459</b>
	<b>\$ 197,307</b>	<b>\$ 151,028</b>
<b>Income per common share for the period attributable to Methanex Corporation shareholders</b>		
<b>Basic net income per common share</b>	<b>\$ 2.02</b>	<b>\$ 1.47</b>
<b>Diluted net income per common share (note 7)</b>	<b>\$ 2.00</b>	<b>\$ 1.46</b>
<b>Weighted average number of common shares outstanding (note 7)</b>	<b>83,698,173</b>	<b>89,786,855</b>
<b>Diluted weighted average number of common shares outstanding (note 7)</b>	<b>84,139,075</b>	<b>89,856,092</b>

*See accompanying notes to condensed consolidated interim financial statements.*

**Methanex Corporation****Consolidated Statements of Comprehensive Income** *(unaudited)**(thousands of U.S. dollars)*

	Three Months Ended	
	Mar 31 2018	Mar 31 2017
<b>Net income</b>	<b>\$ 197,307</b>	<b>\$ 151,028</b>
<b>Other comprehensive income (loss):</b>		
<b>Items that may be reclassified to income:</b>		
Change in fair value of cash flow hedges (note 10)	(25,011)	(54,502)
Forward element excluded from hedging relationships (note 10)	26,131	34,533
<b>Items that will not be reclassified to income:</b>		
Actuarial gains on defined benefit pension plans	845	—
Taxes on above items	(516)	6,556
	<b>1,449</b>	<b>(13,413)</b>
<b>Comprehensive income</b>	<b>\$ 198,756</b>	<b>\$ 137,615</b>
<b>Attributable to:</b>		
Methanex Corporation shareholders	<b>\$ 170,132</b>	<b>\$ 118,156</b>
Non-controlling interests	<b>28,624</b>	<b>19,459</b>
	<b>\$ 198,756</b>	<b>\$ 137,615</b>

See accompanying notes to condensed consolidated interim financial statements.

**Methanex Corporation**  
**Consolidated Statements of Financial Position** (unaudited)  
(thousands of U.S. dollars)

AS AT	Mar 31 2018	Dec 31 2017
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 371,039	\$ 375,479
Trade and other receivables	563,529	536,636
Inventories (note 2)	356,926	304,464
Prepaid expenses	26,654	26,548
Other assets (note 3)	41,460	—
	<b>1,359,608</b>	<b>1,243,127</b>
<b>Non-current assets:</b>		
Property, plant and equipment (note 4)	3,025,522	2,998,326
Investment in associate (note 5)	190,452	188,922
Deferred income tax assets	89,230	102,341
Other assets (note 3)	119,328	78,026
	<b>3,424,532</b>	<b>3,367,615</b>
	<b>\$ 4,784,140</b>	<b>\$ 4,610,742</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Trade, other payables and accrued liabilities	\$ 656,056	\$ 626,817
Current maturities on long-term debt (note 6)	43,383	55,905
Current maturities on other long-term liabilities	78,490	65,226
	<b>777,929</b>	<b>747,948</b>
<b>Non-current liabilities:</b>		
Long-term debt (note 6)	1,457,268	1,446,366
Other long-term liabilities	412,145	404,885
Deferred income tax liabilities	265,171	266,432
	<b>2,134,584</b>	<b>2,117,683</b>
<b>Equity:</b>		
Capital stock	477,219	480,331
Contributed surplus	2,058	2,124
Retained earnings	1,195,542	1,088,150
Accumulated other comprehensive loss	(68,941)	(69,841)
Shareholders' equity	<b>1,605,878</b>	<b>1,500,764</b>
Non-controlling interests	265,749	244,347
Total equity	<b>1,871,627</b>	<b>1,745,111</b>
	<b>\$ 4,784,140</b>	<b>\$ 4,610,742</b>

See accompanying notes to condensed consolidated interim financial statements.

## Methanex Corporation

### Consolidated Statements of Changes in Equity (unaudited)

(thousands of U.S. dollars, except number of common shares)

	Number of Common Shares	Capital Stock	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity	Non- Controlling Interests	Total Equity
Balance, December 31, 2016	89,824,338	\$511,465	\$2,568	\$1,124,104	\$(41,302)	\$1,596,835	\$208,515	\$1,805,350
Net income	—	—	—	131,569	—	131,569	19,459	151,028
Other comprehensive loss	—	—	—	—	(13,413)	(13,413)	—	(13,413)
Compensation expense recorded for stock options	—	—	139	—	—	139	—	139
Issue of shares on exercise of stock options	53,620	1,559	—	—	—	1,559	—	1,559
Reclassification of grant date fair value on exercise of stock options	—	495	(495)	—	—	—	—	—
Payments for repurchase of shares	(730,000)	(4,157)	—	(29,585)	—	(33,742)	—	(33,742)
Dividend payments to Methanex Corporation shareholders	—	—	—	(24,721)	—	(24,721)	—	(24,721)
Distributions made and accrued to non-controlling interests	—	—	—	—	—	—	(6,323)	(6,323)
Balance, March 31, 2017	89,147,958	\$509,362	\$2,212	\$1,201,367	\$(54,715)	\$1,658,226	\$221,651	\$1,879,877
Net income	—	—	—	184,566	—	184,566	39,503	224,069
Other comprehensive income (loss)	—	—	—	403	(15,126)	(14,723)	—	(14,723)
Compensation expense recorded for stock options	—	—	349	—	—	349	—	349
Issue of shares on exercise of stock options	44,654	1,500	—	—	—	1,500	—	1,500
Reclassification of grant date fair value on exercise of stock options	—	437	(437)	—	—	—	—	—
Payments for repurchase of shares	(5,422,358)	(30,968)	—	(221,410)	—	(252,378)	—	(252,378)
Dividend payments to Methanex Corporation shareholders	—	—	—	(76,776)	—	(76,776)	—	(76,776)
Distributions made and accrued to non-controlling interests	—	—	—	—	—	—	(24,977)	(24,977)
Equity contributions by non-controlling interests	—	—	—	—	—	—	8,170	8,170
Balance, December 31, 2017	83,770,254	\$480,331	\$2,124	\$1,088,150	\$(69,841)	\$1,500,764	\$244,347	\$1,745,111
<b>Net income</b>	—	—	—	<b>168,683</b>	—	<b>168,683</b>	<b>28,624</b>	<b>197,307</b>
<b>Other comprehensive income</b>	—	—	—	<b>549</b>	<b>900</b>	<b>1,449</b>	—	<b>1,449</b>
<b>Compensation expense recorded for stock options</b>	—	—	<b>86</b>	—	—	<b>86</b>	—	<b>86</b>
Issue of shares on exercise of stock options	15,550	463	—	—	—	463	—	463
Reclassification of grant date fair value on exercise of stock options	—	152	(152)	—	—	—	—	—
Payment for shares repurchased	(650,000)	(3,727)	—	(34,229)	—	(37,956)	—	(37,956)
Dividend payments to Methanex Corporation shareholders	—	—	—	(27,611)	—	(27,611)	—	(27,611)
Distributions made and accrued to non-controlling interests	—	—	—	—	—	—	(7,222)	(7,222)
Balance, March 31, 2018	83,135,804	\$477,219	\$2,058	\$1,195,542	\$(68,941)	\$1,605,878	\$265,749	\$1,871,627

See accompanying notes to condensed consolidated interim financial statements.

**Methanex Corporation**  
**Consolidated Statements of Cash Flows** *(unaudited)*  
*(thousands of U.S. dollars)*

	Three Months Ended	
	Mar 31 2018	Mar 31 2017
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		
Net income	\$ 197,307	\$ 151,028
Deduct earnings of associate	(20,462)	(16,989)
Dividends received from associate	18,932	24,609
Add non-cash items:		
Depreciation and amortization	59,172	55,972
Income tax expense	44,712	37,710
Share-based compensation expense	5,865	12,510
Finance costs	24,180	23,317
Other	1,114	1,405
Income taxes paid	(13,322)	(4,663)
Other cash payments, including share-based compensation	(17,184)	(5,954)
Cash flows from operating activities before undernoted	300,314	278,945
Changes in non-cash working capital (note 9)	(55,986)	(64,614)
	<b>244,328</b>	<b>214,331</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		
Payments for repurchase of shares	(37,956)	(33,742)
Dividend payments to Methanex Corporation shareholders	(27,611)	(24,721)
Interest paid	(14,571)	(15,506)
Repayment of long-term debt and financing fees	(88,551)	(24,514)
Finance leases	(2,188)	(1,844)
Distributions to non-controlling interests	(31,250)	—
Proceeds on issue of shares on exercise of stock options	463	1,559
Proceeds from other limited recourse debt	86,000	—
Changes in non-cash working capital related to financing activities (note 9)	5,983	2,356
	<b>(109,681)</b>	<b>(96,412)</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Property, plant and equipment	(55,821)	(19,577)
Restricted cash for vessels under construction	(86,000)	—
Changes in non-cash working capital related to investing activities (note 9)	2,734	(7,099)
	<b>(139,087)</b>	<b>(26,676)</b>
Increase (decrease) in cash and cash equivalents	(4,440)	91,243
Cash and cash equivalents, beginning of period	375,479	223,890
Cash and cash equivalents, end of period	<b>\$ 371,039</b>	<b>\$ 315,133</b>

See accompanying notes to condensed consolidated interim financial statements.

## **Methanex Corporation**

### **Notes to Condensed Consolidated Interim Financial Statements** *(unaudited)*

*Except where otherwise noted, tabular dollar amounts are stated in thousands of U.S. dollars.*

#### **1. Basis of presentation:**

Methanex Corporation ("the Company") is an incorporated entity with corporate offices in Vancouver, Canada. The Company's operations consist of the production and sale of methanol, a commodity chemical. The Company is the world's largest producer and supplier of methanol to the major international markets of Asia Pacific, North America, Europe and South America.

These condensed consolidated interim financial statements are prepared in accordance with *International Accounting Standards ("IAS") 34, Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") on a basis consistent with those followed in the most recent annual consolidated financial statements.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and were approved and authorized for issue by the Audit, Finance & Risk Committee of the Board of Directors on April 25, 2018.

These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2017.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15") establishing a comprehensive framework for revenue recognition. The standard replaces IAS 18, Revenue and IAS 11, Construction Contracts and related interpretations and is effective for annual periods beginning on or after January 1, 2018. The Company has retrospectively adopted the new standard with no material impact on its consolidated financial statements. The Company has updated its accounting policy for revenue recognition to reflect the adoption of IFRS 15 as detailed below.

Revenue is recognized based on individual contract terms at the point in time when control of the product transfers to the customer, which usually occurs at the time shipment is made. Revenue is recognized at the time of delivery to the customer's location if the contractual performance obligation has not been met during shipment. For methanol sold on a consignment basis, revenue is recognized at the point in time the customer draws down the consigned methanol. For methanol sold on a commission basis, the commission income is included in revenue when earned. Revenue is measured and recorded at the most likely amount of consideration the Company expects to receive.

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), which eliminates the current operating/finance lease dual accounting model for lessees and replaces it with a single, on-balance sheet accounting model, similar to the current finance lease accounting. The standard replaces IAS 17, Leases ("IAS 17") and related interpretations and is effective for annual periods beginning on or after January 1, 2019, with early application permitted. The Company is currently assessing the impact of the new standard including the optional exemptions available. The recognition of all leases on balance sheet is expected to increase the assets and liabilities on the Consolidated Statement of Financial Position upon adoption. The increase primarily relates to ocean vessels, terminal facilities and other right of use assets currently accounted for as operating leases. In addition, the nature and timing of certain expenses related to leases previously classified as operating and presented in cost of sales and operating expenses will now change and be presented in depreciation and amortization and finance costs. As a result, the Company expects that adoption of IFRS 16 will significantly impact the consolidated financial statements. The Company will provide additional information on the impact of this standard on the Company's consolidated financial statements in future quarters as the Company completes its assessment.

## 2. Inventories:

Inventories are valued at the lower of cost, determined on a first-in first-out basis, and estimated net realizable value. The amount of inventories recognized as an expense in cost of sales and operating expenses and depreciation and amortization for the three months ended March 31, 2018 is \$643 million (March 31, 2017 - \$544 million).

## 3. Other assets:

During the quarter ended March 31, 2018, the Company, through a 50% owned entity, issued other limited recourse debt for \$86 million (\$43 million Methanex share), bearing an interest rate of 5.35% due September 2033 (note 6). Terms of the other limited recourse debt restricts the use of the funds to costs associated with construction of the vessel.

As at March 31, 2018, the Company holds \$82.4 million in short-term, highly liquid investments held under the restricted terms, of which \$41.5 million has been recorded as current as it is expected to be used within one year. The remaining balance of \$40.9 million has been recorded in non-current other assets.

## 4. Property, plant and equipment:

	Buildings, Plant Installations & Machinery	Finance Leases	Other	Total
Cost at March 31, 2018	\$ 4,666,591	\$ 218,182	\$ 331,516	\$ 5,216,289
Accumulated depreciation at March 31, 2018	1,999,499	37,966	153,302	2,190,767
Net book value at March 31, 2018	\$ 2,667,092	\$ 180,216	\$ 178,214	\$ 3,025,522
Cost at December 31, 2017	\$ 4,648,924	\$ 215,773	\$ 275,493	\$ 5,140,190
Accumulated depreciation at December 31, 2017	1,956,317	33,927	151,620	2,141,864
Net book value at December 31, 2017	\$ 2,692,607	\$ 181,846	\$ 123,873	\$ 2,998,326

## 5. Interest in Atlas joint venture:

- a) The Company has a 63.1% equity interest in Atlas Methanol Company Unlimited ("Atlas"). Atlas owns a 1.8 million tonne per year methanol production facility in Trinidad. The Company accounts for its interest in Atlas using the equity method. Summarized financial information of Atlas (100% basis) is as follows:

Statements of financial position	Mar 31 2018	Dec 31 2017
Cash and cash equivalents	\$ 14,996	\$ 8,361
Other current assets	85,345	79,738
Non-current assets	281,055	289,671
Current liabilities	(46,572)	(41,388)
Other long-term liabilities, including current maturities	(153,952)	(157,935)
Net assets at 100%	180,872	178,447
Net assets at 63.1%	114,130	112,600
Long-term receivable from Atlas	76,322	76,322
Investment in associate	\$ 190,452	\$ 188,922

Statements of income	Three Months Ended	
	Mar 31 2018	Mar 31 2017
Revenue	\$ 132,723	\$ 115,209
Cost of sales and depreciation and amortization	(79,916)	(70,417)
Operating income	52,807	44,792
Finance costs, finance income and other expenses	(2,591)	(2,878)
Income tax expense	(17,788)	(14,990)
Net earnings at 100%	32,428	26,924
Earnings of associate at 63.1%	20,462	16,989
Dividends received from associate	\$ 18,932	\$ 24,609

**b) Contingent liability:**

The Board of Inland Revenue of Trinidad and Tobago has issued assessments against Atlas in respect of the 2005 to 2011 financial years. All subsequent tax years remain open to assessment. The assessments relate to the pricing arrangements of certain long-term fixed price sales contracts from 2005 to 2019 related to methanol produced by Atlas. Atlas had partial relief from corporation income tax until late July 2014.

The Company has lodged objections to the assessments. Based on the merits of the cases and legal interpretation, management believes its position should be sustained.

**6. Long-term debt:**

As at	Mar 31 2018	Dec 31 2017
<b>Unsecured notes</b>		
\$350 million at 3.25% due December 15, 2019	\$ 348,297	\$ 348,060
\$250 million at 5.25% due March 1, 2022	248,172	248,072
\$300 million at 4.25% due December 1, 2024	296,961	296,873
\$300 million at 5.65% due December 1, 2044	295,178	295,158
	<b>1,188,608</b>	1,188,163
Egypt limited recourse debt facilities	155,213	241,190
Other limited recourse debt facilities	156,830	72,918
<b>Total long-term debt<sup>1</sup></b>	<b>1,500,651</b>	1,502,271
<b>Less current maturities<sup>1</sup></b>	<b>(43,383)</b>	(55,905)
	<b>\$ 1,457,268</b>	\$ 1,446,366

<sup>1</sup> Long-term debt and current maturities are presented net of deferred financing fees.

During the quarter ended March 31, 2018, the Company made repayments of \$86.5 million (including \$62.5 million as an early repayment of principal) on its Egypt limited recourse debt facilities and \$2.1 million on its other limited recourse debt facilities. Other limited recourse debt facilities relates to financing for certain of our ocean going vessels which we own through less than wholly-owned entities under the Company's control. During the quarter ended March 31, 2018, the Company, through a 50% owned entity, issued other limited recourse debt for \$86 million (\$43 million Methanex share), bearing an interest rate of 5.35% due September 2033. The debt will be used to fund the build of two ocean going vessels.



The Company maintains a \$300 million committed revolving credit facility with a syndicate of highly rated financial institutions that expires in December 2022. Significant covenant and default provisions of the facility include:

- a) the obligation to maintain an EBITDA to interest coverage ratio of greater than 2:1 calculated on a four-quarter trailing basis and a debt to capitalization ratio of less than or equal to 55%, both ratios calculated in accordance with definitions in the credit agreement that include adjustments to the limited recourse subsidiaries,
- b) a default if payment is accelerated by a creditor on any indebtedness of \$50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries, and
- c) a default if a default occurs that permits a creditor to demand repayment on any other indebtedness of \$50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries.

The limited recourse debt facilities are described as limited recourse as they are secured only by the assets of the entity that carries the debt. Accordingly, the lenders to the limited recourse debt facilities have no recourse to the Company or its other subsidiaries.

The Egypt limited recourse debt facilities have covenants and default provisions that apply only to the Egypt entity, including restrictions on the incurrence of additional indebtedness and a requirement to fulfill certain conditions before the payment of cash or other shareholder distributions. Since 2015, certain conditions had not been met, resulting in a restriction on shareholder distributions from the Egypt entity. Under amended terms reached in 2017, shareholder distributions are permitted commencing in 2018 if the average gas deliveries over the prior 12 months are greater than 70% of gas nominations. The first \$100 million of shareholder distributions must be matched with \$100 million of principal repayments on the Egypt limited recourse debt facilities. During the quarter ended March 31, 2018, an early repayment of \$62.5 million of principal was made under the amended terms enabling a matching distribution to shareholders. As of March 31, 2018, the Egypt cash balance on a 100% ownership basis was \$40 million.

Failure to comply with any of the covenants or default provisions of the long-term debt facilities described above could result in a default under the applicable credit agreement that would allow the lenders to not fund future loan requests, accelerate the due date of the principal and accrued interest on any outstanding loans or restrict the payment of cash or other distributions.

As at March 31, 2018, management believes the Company was in compliance with all significant terms and default provisions related to long-term debt obligations.

## **7. Net income per common share:**

Diluted net income per common share is calculated by considering the potential dilution that would occur if outstanding stock options and, under certain circumstances, tandem share appreciation rights ("TSARs") were exercised or converted to common shares.

Outstanding TSARs may be settled in cash or common shares at the holder's option and for purposes of calculating diluted net income per common share, the more dilutive of the cash-settled and equity-settled method is used, regardless of how the plan is accounted for. Accordingly, TSARs that are accounted for using the cash-settled method will require adjustments to the numerator and denominator if the equity-settled method is determined to have a dilutive effect on diluted net income per common share as compared to the cash-settled method. The equity-settled method was more dilutive for the three months ended March 31, 2018, and an adjustment was required for both the numerator and the denominator. For the three months ended March 31, 2017, the cash-settled method was more dilutive and no adjustment was required for the numerator or the denominator.

Stock options and, if calculated using the equity-settled method, TSARs are considered dilutive when the average market price of the Company's common shares during the period disclosed exceeds the exercise price of the stock option or TSAR. For the three months ended March 31, 2018, both stock options and TSARs were considered dilutive, and for the three months ended March 31, 2017, stock options were considered dilutive, resulting in an adjustment to the denominator in both periods.

A reconciliation of the numerator used for the purpose of calculating diluted net income per common share is as follows:

	Three Months Ended	
	Mar 31 2018	Mar 31 2017
<b>Numerator for basic net income per common share</b>	<b>168,683</b>	131,569
<b>Adjustment for the effect of TSARs:</b>		
Cash-settled recovery included in net income	1,699	—
Equity-settled expense	(1,776)	—
<b>Numerator for diluted net income per common share</b>	<b>168,606</b>	131,569

A reconciliation of the denominator used for the purposes of calculating diluted net income per common share is as follows:

	Three Months Ended	
	Mar 31 2018	Mar 31 2017
<b>Denominator for basic net income per common share</b>	<b>83,698,173</b>	89,786,855
Effect of dilutive stock options	65,926	69,237
Effect of dilutive TSARs	374,976	—
<b>Denominator for diluted net income per common share</b>	<b>84,139,075</b>	89,856,092

## 8. Share-based compensation:

### a) Share appreciation rights ("SARs"), TSARs and stock options:

#### (i) Outstanding units:

Information regarding units outstanding at March 31, 2018 is as follows:

(per share amounts in USD)	SARs		TSARs	
	Number of Units	Weighted Average Exercise Price	Number of Units	Weighted Average Exercise Price
Outstanding at December 31, 2017	1,450,077	\$ 45.11	2,043,495	\$ 46.62
Granted	135,300	54.65	317,900	54.65
Exercised	(193,813)	33.92	(238,624)	37.00
Cancelled	(4,501)	42.67	—	—
Expired	(7,981)	28.74	—	—
<b>Outstanding at March 31, 2018</b>	<b>1,379,082</b>	<b>\$ 47.72</b>	<b>2,122,771</b>	<b>\$ 48.90</b>

(per share amounts in USD)	Stock Options	
	Number of Units	Weighted Average Exercise Price
Outstanding at December 31, 2017	262,535	\$45.09
Granted	21,900	54.65
Exercised	(15,550)	31.24
Cancelled	(1,600)	42.38
<b>Outstanding at March 31, 2018</b>	<b>267,285</b>	<b>\$46.69</b>

Range of Exercise Prices (per share amounts in USD)	Units Outstanding at March 31, 2018			Units Exercisable at March 31, 2018	
	Weighted Average Remaining Contractual Life (Years)	Number of Units Outstanding	Weighted Average Exercise Price	Number of Units Exercisable	Weighted Average Exercise Price
<b>SARs:</b>					
\$25.97 to \$35.51	3.87	416,973	\$33.77	299,285	\$33.44
\$38.24 to \$50.17	3.57	393,934	43.10	282,850	40.39
\$54.65 to \$73.13	4.31	568,175	61.17	432,875	63.21
	3.96	1,379,082	\$47.72	1,015,010	\$48.07
<b>TSARs:</b>					
\$25.97 to \$35.51	4.12	643,503	\$34.02	454,425	\$33.79
\$38.24 to \$50.17	4.52	523,289	45.98	296,471	42.78
\$54.65 to \$73.13	4.63	955,979	60.52	636,279	63.45
	4.45	2,122,771	\$48.90	1,387,175	\$49.32
<b>Stock options:</b>					
\$25.97 to \$35.51	3.56	88,500	\$33.62	67,864	\$33.33
\$38.24 to \$50.17	3.35	77,760	42.47	59,357	40.09
\$54.65 to \$73.13	4.24	101,025	61.39	79,125	63.26
	3.76	267,285	\$46.69	206,346	\$46.75

**(ii) Compensation expense related to SARs and TSARs:**

Compensation expense for SARs and TSARs is measured based on their fair value and is recognized over the vesting period. Changes in fair value each period are recognized in net income for the proportion of the service that has been rendered at each reporting date. The fair value at March 31, 2018 was \$61.9 million compared with the recorded liability of \$54.7 million. The difference between the fair value and the recorded liability of \$7.2 million will be recognized over the weighted average remaining vesting period of approximately 1.8 years. The weighted average fair value was estimated at March 31, 2018 using the Black-Scholes option pricing model.

For the three months ended March 31, 2018, compensation expense related to SARs and TSARs included an expense in cost of sales and operating expenses of \$2.5 million (2017 - \$9.1 million). This included an expense of \$0.1 million (2017 - \$6.4 million) related to the effect of the change in the Company's share price for the three months ended March 31, 2018.

**(iii) Compensation expense related to stock options:**

For the three months ended March 31, 2018, compensation expense related to stock options included in cost of sales and operating expenses was \$0.1 million (2017 - \$0.1 million). The fair value of each stock option grant was estimated on the grant date using the Black-Scholes option pricing model.

**b) Deferred, restricted and performance share units:**

Deferred, restricted and performance share units outstanding at March 31, 2018 are as follows:

	Number of Deferred Share Units	Number of Restricted Share Units	Number of Performance Share Units
Outstanding at December 31, 2017	224,846	20,455	604,895
Granted	6,313	8,700	149,200
Performance factor impact on redemption <sup>1</sup>	—	—	(127,733)
Granted in-lieu of dividends	1,256	166	3,320
Redeemed	—	—	(42,577)
Cancelled	—	—	(5,222)
<b>Outstanding at March 31, 2018</b>	<b>232,415</b>	<b>29,321</b>	<b>581,883</b>

<sup>1</sup> Performance share units have a feature where the ultimate number of units that vest are adjusted by a performance factor of the original grant as determined by the Company's total shareholder return in relation to a predetermined target over the period to vesting. These units relate to performance share units redeemed in the quarter ended March 31, 2018.

Compensation expense for deferred, restricted and performance share units is measured at fair value based on the market value of the Company's common shares and is recognized over the vesting period. Changes in fair value are recognized in net income for the proportion of the service that has been rendered at each reporting date. The fair value of deferred, restricted and performance share units at March 31, 2018 was \$58.2 million compared with the recorded liability of \$46.8 million. The difference between the fair value and the recorded liability of \$11.4 million will be recognized over the weighted average remaining vesting period of approximately 1.6 years.

For the three months ended March 31, 2018, compensation expense related to deferred, restricted and performance share units included in cost of sales and operating expenses was an expense of \$3.2 million (2017 - \$4.1 million). This included an expense of \$2.3 million (2017 - \$3.2 million) related to the effect of the change in the Company's share price for the three months ended March 31, 2018.

**9. Changes in non-cash working capital:**

Changes in non-cash working capital for the three months ended March 31, 2018 and 2017 were as follows:

	Three Months Ended	
	Mar 31 2018	Mar 31 2017
<b>Changes in non-cash working capital:</b>		
Trade and other receivables	\$ (26,893)	\$ (13,973)
Inventories	(52,462)	(70,035)
Prepaid expenses	(106)	(2,596)
Trade, other payables and accrued liabilities	29,239	51,671
	(50,222)	(34,933)
Adjustments for items not having a cash effect and working capital changes relating to taxes and interest paid	2,953	(34,424)
<b>Changes in non-cash working capital having a cash effect</b>	<b>\$ (47,269)</b>	<b>\$ (69,357)</b>
<b>These changes relate to the following activities:</b>		
Operating	\$ (55,986)	\$ (64,614)
Financing	5,983	2,356
Investing	2,734	(7,099)
<b>Changes in non-cash working capital</b>	<b>\$ (47,269)</b>	<b>\$ (69,357)</b>

The Company has reclassified the presentation of amounts in the comparative figures relating to accrued distributions to non-controlling interests in Changes in non-cash working capital from Operating activities to Financing activities.

## 10. Financial instruments:

Financial instruments are either measured at amortized cost or fair value.

In the normal course of business, the Company's assets, liabilities and forecasted transactions, as reported in U.S. dollars, are impacted by various market risks including, but not limited to, natural gas prices and currency exchange rates. The time frame and manner in which the Company manages those risks varies for each item based on the Company's assessment of the risk and the available alternatives for mitigating risks.

The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values. Changes in fair value of derivative financial instruments are recorded in earnings unless the instruments are designated as cash flow hedges. The Company designates as cash flow hedges derivative financial instruments to hedge its risk exposure to fluctuations in natural gas prices and derivative financial instruments to hedge its risk exposure to fluctuations in the euro compared to the U.S. dollar.

The fair value of derivative instruments is determined based on industry-accepted valuation models using market observable inputs and are classified within Level 2 of the fair value hierarchy. The fair value of all of the Company's derivative contracts as presented in the consolidated statements of financial position are determined based on present values and the discount rates used are adjusted for credit risk. The effective portion of the changes in fair value of derivative financial instruments designated as cash flow hedges is recorded in other comprehensive income. The spot element of forward contracts in the hedging relationships is recorded in other comprehensive income as the change in fair value of cash flow hedges. The change in the fair value of the forward element of forward contracts is recorded separately in other comprehensive income as the forward element excluded from the hedging relationships.

Until settled, the fair value of the derivative financial instruments will fluctuate based on changes in commodity prices or foreign currency exchange rates.

### Natural gas forward contracts

The Company manages its exposure to changes in natural gas prices for a portion of its North American natural gas requirements by executing a number of fixed price forward contracts.

The Company has entered into forward contracts to manage its exposure to changes in natural gas prices for the Geismar 2 facility which it has designated as cash flow hedges. The Company has also entered into physical forward contracts to manage its exposure to changes in natural gas prices for the Medicine Hat facility over the period to 2022. The Company has designated contracts for the 2021 and 2022 periods as cash flow hedges for its highly probable forecast natural gas purchases in Medicine Hat. Other costs incurred to transport natural gas from the contracted delivery point, either Henry Hub or AECO, to the relevant production facility represent an insignificant portion of the overall underlying risk and are recognized as incurred outside of the hedging relationship.

As at March 31, 2018, the Company had outstanding forward contracts designated as cash flow hedges with a notional amount of \$461 million (December 31, 2017 - \$473 million) and a negative fair value of \$89.4 million (December 31, 2017 - \$90.2 million) included in other long-term liabilities.

### Euro forward exchange contracts

The Company manages its foreign currency exposure to euro denominated sales by executing a number of forward contracts which it has designated as cash flow hedges for its highly probable forecast euro collections.

As at March 31, 2018, the Company had outstanding forward exchange contracts designated as cash flow hedges to sell a notional amount of 19 million euros (December 31, 2017 - 109 million euros). The euro contracts had a negative fair value of \$0.5 million included in current liabilities (December 31, 2017 - \$0.8 million).

## Fair value

The fair value of the Company's derivative financial instruments as disclosed above are determined based on Bloomberg quoted market prices and confirmations received from counterparties, which are adjusted for credit risk.

The table below shows the nominal net cash flows for derivative hedging instruments, excluding credit risk adjustments, based upon contracted settlement dates. The amounts reflect the maturity profile of the hedging instruments and are subject to change based on the prevailing market rate at each of the future settlement dates. Financial asset derivative positions are held with investment-grade counterparties and therefore the settlement day risk exposure is considered to be negligible.

	Cash outflows by term to maturity				Total
	1 year or less	1-3 years	3-5 years	More than 5 years	
Natural gas forward contracts	(5,785)	(20,184)	(31,222)	(47,425)	\$ (104,616)
Euro forward exchange contracts	(540)	—	—	—	\$ (540)

The carrying values of the Company's financial instruments approximate their fair values, except as follows:

As at	March 31, 2018	
	Carrying Value	Fair Value
Long-term debt excluding deferred financing fees	\$ 1,513,177	\$ 1,526,441

Long-term debt consists of limited recourse debt facilities and unsecured notes. There is no publicly traded market for the limited recourse debt facilities. The fair value of the limited recourse debt facilities as disclosed on a recurring basis and categorized as Level 2 within the fair value hierarchy is estimated by reference to current market rates as at the reporting date. The fair value of the unsecured notes disclosed on a recurring basis and also categorized as Level 2 within the fair value hierarchy is estimated using quoted prices and yields as at the reporting date. The fair value of the Company's long term debt will fluctuate until maturity.

**Methanex Corporation**  
**Quarterly History (unaudited)**

	Q1 2018	2017	Q4	Q3	Q2	Q1	2016	Q4	Q3	Q2	Q1
<b>METHANOL SALES VOLUME</b> (thousands of tonnes)											
Methanex-produced <sup>1</sup>	1,884	7,229	1,930	1,753	1,790	1,756	6,828	1,750	1,860	1,689	1,529
Purchased methanol	613	2,289	633	757	387	512	1,892	526	411	533	422
Commission sales <sup>1</sup>	321	1,151	289	261	297	304	758	245	205	140	168
	<b>2,818</b>	<b>10,669</b>	<b>2,852</b>	<b>2,771</b>	<b>2,474</b>	<b>2,572</b>	<b>9,478</b>	<b>2,521</b>	<b>2,476</b>	<b>2,362</b>	<b>2,119</b>
<b>METHANOL PRODUCTION</b> (thousands of tonnes)											
New Zealand	487	1,943	558	502	350	533	2,181	536	559	577	509
Geismar (Louisiana, USA)	513	1,935	506	499	437	493	2,055	526	519	527	483
Trinidad (Methanex interest)	459	1,768	466	457	449	396	1,605	455	420	417	313
Egypt (50% interest)	165	534	145	71	159	159	293	96	69	53	75
Medicine Hat (Canada)	153	593	158	158	159	118	488	92	114	123	159
Chile	166	414	109	78	60	167	395	154	68	73	100
	<b>1,943</b>	<b>7,187</b>	<b>1,942</b>	<b>1,765</b>	<b>1,614</b>	<b>1,866</b>	<b>7,017</b>	<b>1,859</b>	<b>1,749</b>	<b>1,770</b>	<b>1,639</b>
<b>AVERAGE REALIZED METHANOL PRICE</b> <sup>2</sup>											
(\$/tonne)	402	337	350	307	327	365	242	278	236	223	230
(\$/gallon)	1.21	1.01	1.05	0.92	0.98	1.10	0.73	0.84	0.71	0.67	0.69
<b>ADJUSTED EBITDA</b>	<b>306</b>	<b>838</b>	254	143	174	267	<b>287</b>	139	74	38	36
<b>PER SHARE INFORMATION</b> (\$ per common share attributable to Methanex shareholders)											
Adjusted net income (loss)	2.03	4.71	1.70	0.60	0.85	1.56	(0.17)	0.46	(0.01)	(0.34)	(0.27)
Basic net income (loss)	2.02	3.64	0.81	0.38	0.96	1.47	(0.14)	0.28	(0.12)	(0.03)	(0.26)
Diluted net income (loss)	2.00	3.64	0.81	0.38	0.89	1.46	(0.14)	0.28	(0.12)	(0.08)	(0.26)

<sup>1</sup> Methanex-produced methanol represents our equity share of volume produced at our facilities and excludes volume marketed on a commission basis related to the 36.9% of the Atlas facility and 50% of the Egypt facility that we do not own. Methanex-produced methanol includes any volume produced by Chile using natural gas supplied from Argentina under a tolling arrangement ("TollingVolume"). There was 40,000 MT of TollingVolume produced in the first quarter of 2018 and no TollingVolume in the other periods presented.

<sup>2</sup> Averagerealized price is calculated as revenue, excluding commissions earned and the Egypt non-controlling interest share of revenue, but including an amount representing our share of Atlas revenue, divided by the total sales volume of Methanex-produced and purchased methanol, but excluding TollingVolume.