

**Methanex Corporation**

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

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

	Three Months Ended		Nine Months Ended	
	Sep 30 2017	Sep 30 2016	Sep 30 2017	Sep 30 2016
<b>Revenue</b>	\$ 719,696	\$ 510,094	\$ 2,199,209	\$ 1,412,840
<b>Cost of sales and operating expenses</b>	(624,505)	(460,441)	(1,686,215)	(1,294,263)
<b>Depreciation and amortization</b>	(57,929)	(61,177)	(174,910)	(172,650)
<b>Argentina gas settlement</b>	—	—	—	32,500
<b>Operating income (loss)</b>	37,262	(11,524)	338,084	(21,573)
<b>Earnings of associate (note 4)</b>	18,889	8,268	57,644	10,355
<b>Finance costs</b>	(24,866)	(23,389)	(71,495)	(66,248)
<b>Finance income and other expenses</b>	3,814	1,607	9,442	4,595
<b>Income (loss) before income taxes</b>	35,099	(25,038)	333,675	(72,871)
<b>Income tax recovery (expense):</b>				
<b>Current</b>	(11,460)	(13,337)	(52,398)	(39,666)
<b>Deferred</b>	14,743	22,881	8,923	59,430
	3,283	9,544	(43,475)	19,764
<b>Net income (loss)</b>	\$ 38,382	\$ (15,494)	\$ 290,200	\$ (53,107)
<b>Attributable to:</b>				
<b>Methanex Corporation shareholders</b>	\$ 32,381	\$ (11,112)	\$ 248,096	\$ (37,387)
<b>Non-controlling interests</b>	6,001	(4,382)	42,104	(15,720)
	\$ 38,382	\$ (15,494)	\$ 290,200	\$ (53,107)
<b>Income (loss) per common share for the period attributable to Methanex Corporation shareholders</b>				
<b>Basic net income (loss) per common share</b>	\$ 0.38	\$ (0.12)	\$ 2.83	\$ (0.42)
<b>Diluted net income (loss) per common share (note 6)</b>	\$ 0.38	\$ (0.12)	\$ 2.83	\$ (0.42)
<b>Weighted average number of common shares outstanding (note 6)</b>	85,769,423	89,800,458	87,727,375	89,772,093
<b>Diluted weighted average number of common shares outstanding (note 6)</b>	85,819,984	89,800,458	87,781,012	89,772,093

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

**Methanex Corporation**

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

*(thousands of U.S. dollars)*

	Three Months Ended		Nine Months Ended	
	Sep 30 2017	Sep 30 2016	Sep 30 2017	Sep 30 2016
<b>Net income (loss)</b>	<b>\$ 38,382</b>	<b>\$ (15,494)</b>	<b>\$ 290,200</b>	<b>\$ (53,107)</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 9)	(17,755)	(1,134)	(96,509)	65,695
Forward element excluded from hedging relationships (note 9)	12,538	(25,370)	71,651	(89,607)
Taxes on above items	1,629	8,754	8,194	7,924
	<b>(3,588)</b>	<b>(17,750)</b>	<b>(16,664)</b>	<b>(15,988)</b>
<b>Comprehensive income (loss)</b>	<b>\$ 34,794</b>	<b>\$ (33,244)</b>	<b>\$ 273,536</b>	<b>\$ (69,095)</b>
<b>Attributable to:</b>				
Methanex Corporation shareholders	\$ 28,793	\$ (28,862)	\$ 231,432	\$ (53,375)
Non-controlling interests	6,001	(4,382)	42,104	(15,720)
	<b>\$ 34,794</b>	<b>\$ (33,244)</b>	<b>\$ 273,536</b>	<b>\$ (69,095)</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	Sep 30 2017	Dec 31 2016
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 307,460	\$ 223,890
Trade and other receivables	515,725	499,603
Inventories (note 2)	300,976	281,328
Prepaid expenses	29,375	20,846
	<b>1,153,536</b>	<b>1,025,667</b>
<b>Non-current assets:</b>		
Property, plant and equipment (note 3)	3,033,393	3,117,469
Investment in associate (note 4)	183,190	197,402
Deferred income tax assets	143,455	137,341
Other assets	77,388	78,784
	<b>3,437,426</b>	<b>3,530,996</b>
	<b>\$ 4,590,962</b>	<b>\$ 4,556,663</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Trade, other payables and accrued liabilities	\$ 624,650	\$ 523,216
Current maturities on long-term debt (note 5)	57,072	53,997
Current maturities on other long-term liabilities	45,745	29,720
	<b>727,467</b>	<b>606,933</b>
<b>Non-current liabilities:</b>		
Long-term debt (note 5)	1,449,542	1,502,209
Other long-term liabilities	382,437	351,191
Deferred income tax liabilities	280,935	290,980
	<b>2,112,914</b>	<b>2,144,380</b>
<b>Equity:</b>		
Capital stock	485,621	511,465
Contributed surplus	2,199	2,568
Retained earnings	1,092,984	1,124,104
Accumulated other comprehensive loss	(57,966)	(41,302)
Shareholders' equity	<b>1,522,838</b>	<b>1,596,835</b>
Non-controlling interests	227,743	208,515
Total equity	<b>1,750,581</b>	<b>1,805,350</b>
	<b>\$ 4,590,962</b>	<b>\$ 4,556,663</b>

**Subsequent events (note 5)**

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, 2015	89,671,198	\$509,464	\$2,426	\$1,235,615	\$(27,776)	\$1,719,729	\$248,844	\$1,968,573
Net loss	—	—	—	(37,387)	—	(37,387)	(15,720)	(53,107)
Other comprehensive loss	—	—	—	—	(15,988)	(15,988)	—	(15,988)
Compensation expense recorded for stock options	—	—	509	—	—	509	—	509
Issue of shares on exercise of stock options	137,040	1,100	—	—	—	1,100	—	1,100
Reclassification of grant date fair value on exercise of stock options	—	359	(359)	—	—	—	—	—
Dividend payments to Methanex Corporation shareholders	—	—	—	(74,057)	—	(74,057)	—	(74,057)
Distributions made and accrued to non-controlling interests	—	—	—	—	—	—	(18,498)	(18,498)
Equity contributions by non-controlling interests	—	—	—	—	—	—	525	525
Balance, September 30, 2016	89,808,238	\$510,923	\$2,576	\$1,124,171	\$(43,764)	\$1,593,906	\$215,151	\$1,809,057
Net income	—	—	—	24,842	—	24,842	40	24,882
Other comprehensive income (loss)	—	—	—	(169)	2,462	2,293	—	2,293
Compensation expense recorded for stock options	—	—	128	—	—	128	—	128
Issue of shares on exercise of stock options	16,100	406	—	—	—	406	—	406
Reclassification of grant date fair value on exercise of stock options	—	136	(136)	—	—	—	—	—
Dividend payments to Methanex Corporation shareholders	—	—	—	(24,740)	—	(24,740)	—	(24,740)
Distributions made and accrued to non-controlling interests	—	—	—	—	—	—	(6,176)	(6,176)
Equity contributions by non-controlling interests	—	—	—	—	—	—	(500)	(500)
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	—	—	—	248,096	—	248,096	42,104	290,200
Other comprehensive loss	—	—	—	—	(16,664)	(16,664)	—	(16,664)
Compensation expense recorded for stock options	—	—	377	—	—	377	—	377
Issue of shares on exercise of stock options	79,906	2,392	—	—	—	2,392	—	2,392
Reclassification of grant date fair value on exercise of stock options	—	746	(746)	—	—	—	—	—
Payment for shares repurchased	(5,074,800)	(28,982)	—	(202,850)	—	(231,832)	—	(231,832)
Dividend payments to Methanex Corporation shareholders	—	—	—	(76,366)	—	(76,366)	—	(76,366)
Distributions made and accrued to non-controlling interests	—	—	—	—	—	—	(22,876)	(22,876)
Balance, September 30, 2017	84,829,444	\$485,621	\$2,199	\$1,092,984	\$(57,966)	\$1,522,838	\$227,743	\$1,750,581

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		Nine Months Ended	
	Sep 30 2017	Sep 30 2016	Sep 30 2017	Sep 30 2016
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>				
Net income (loss)	\$ 38,382	\$ (15,494)	\$ 290,200	\$ (53,107)
Deduct earnings of associate	(18,889)	(8,268)	(57,644)	(10,355)
Dividends received from associate	27,133	6,310	71,934	37,860
Add (deduct) non-cash items:				
Depreciation and amortization	57,929	61,177	174,910	172,650
Income tax expense (recovery)	(3,283)	(9,544)	43,475	(19,764)
Share-based compensation expense	25,870	13,265	30,500	12,613
Finance costs	24,866	23,389	71,495	66,248
Other	1,268	429	3,885	2,558
Income taxes refunded (paid)	(6,352)	2,296	(18,229)	212
Other cash receipts (payments), including share-based compensation	3,866	(1,663)	(3,127)	(19,327)
Cash flows from operating activities before undernoted	150,790	71,897	607,399	189,588
Changes in non-cash working capital (note 8)	(19,690)	2,033	(5,883)	(11,883)
	131,100	73,930	601,516	177,705
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>				
Payments for repurchase of shares	(83,133)	—	(231,832)	—
Dividend payments to Methanex Corporation shareholders	(25,583)	(24,658)	(76,366)	(74,057)
Interest paid	(15,621)	(12,637)	(57,907)	(51,373)
Net proceeds on issue of long-term debt	—	26,100	—	65,700
Repayment of long-term debt	(25,309)	(23,345)	(51,910)	(46,329)
Finance leases	(1,751)	(1,443)	(5,103)	(3,800)
Equity contributions by non-controlling interests	—	—	—	525
Distributions to non-controlling interests	(3,080)	(910)	(3,080)	(1,410)
Proceeds on issue of shares on exercise of stock options	795	302	2,392	1,100
Changes in non-cash working capital related to financing activities (note 8)	(3,803)	(5,934)	(14,408)	(17,088)
	(157,485)	(42,525)	(438,214)	(126,732)
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>				
Property, plant and equipment	(32,646)	(28,331)	(81,702)	(89,638)
Other assets	—	—	—	(66)
Changes in non-cash working capital related to investing activities (note 8)	5,158	(8,367)	1,970	17,474
	(27,488)	(36,698)	(79,732)	(72,230)
Increase (decrease) in cash and cash equivalents	(53,873)	(5,293)	83,570	(21,257)
Cash and cash equivalents, beginning of period	361,333	238,970	223,890	254,934
Cash and cash equivalents, end of period	\$ 307,460	\$ 233,677	\$ 307,460	\$ 233,677

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 October 25, 2017.

These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2016.

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 performed a preliminary assessment of the impact of the new standard and currently anticipates no significant impact on its consolidated financial statements, with the assessment to be finalized in the fourth quarter of 2017.

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. At this stage, 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. 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 does not intend to early adopt the standard.

#### **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 and nine month periods ended September 30, 2017 is \$537 million (2016 - \$439 million) and \$1,587 million (2016 - \$1,251 million), respectively.

### 3. Property, plant and equipment:

	Buildings, Plant Installations & Machinery	Finance Leases	Other	Total
Cost at September 30, 2017	\$ 4,627,506	\$ 216,176	\$ 273,180	\$ 5,116,862
Accumulated depreciation at September 30, 2017	1,905,219	30,044	148,206	2,083,469
<b>Net book value at September 30, 2017</b>	<b>\$ 2,722,287</b>	<b>\$ 186,132</b>	<b>\$ 124,974</b>	<b>\$ 3,033,393</b>
Cost at December 31, 2016	\$ 4,549,816	\$ 206,260	\$ 272,878	\$ 5,028,954
Accumulated depreciation at December 31, 2016	1,752,540	18,557	140,388	1,911,485
<b>Net book value at December 31, 2016</b>	<b>\$ 2,797,276</b>	<b>\$ 187,703</b>	<b>\$ 132,490</b>	<b>\$ 3,117,469</b>

### 4. 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	Sep 30 2017	Dec 31 2016
Cash and cash equivalents	\$ 46,396	\$ 15,530
Other current assets	51,680	45,219
Non-current assets	298,208	324,297
Current liabilities	(66,070)	(24,783)
Other long-term liabilities, including current maturities	(160,851)	(168,253)
<b>Net assets at 100%</b>	<b>169,363</b>	<b>192,010</b>
<b>Net assets at 63.1%</b>	<b>106,868</b>	<b>121,158</b>
Long-term receivable from Atlas	76,322	76,244
<b>Investment in associate</b>	<b>\$ 183,190</b>	<b>\$ 197,402</b>

Statements of income	Three Months Ended		Nine Months Ended	
	Sep 30 2017	Sep 30 2016	Sep 30 2017	Sep 30 2016
Revenue	\$ 110,451	\$ 80,247	\$ 353,849	\$ 148,224
Cost of sales and depreciation and amortization	(61,331)	(56,646)	(203,375)	(108,066)
Operating income	49,120	23,601	150,474	40,158
Finance costs, finance income and other expenses	(2,701)	(3,418)	(8,453)	(9,998)
Income tax expense	(16,484)	(7,080)	(50,667)	(13,750)
<b>Net earnings at 100%</b>	<b>29,935</b>	<b>13,103</b>	<b>91,354</b>	<b>16,410</b>
<b>Earnings of associate at 63.1%</b>	<b>18,889</b>	<b>8,268</b>	<b>57,644</b>	<b>10,355</b>
<b>Dividends received from associate</b>	<b>\$ 27,133</b>	<b>\$ 6,310</b>	<b>\$ 71,934</b>	<b>\$ 37,860</b>

### b) Contingent liability:

The Board of Inland Revenue of Trinidad and Tobago has issued assessments against Atlas in respect of the 2005 to 2010 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.

## 5. Long-term debt:

As at	Sep 30 2017	Dec 31 2016
<b>Unsecured notes</b>		
\$350 million at 3.25% due December 15, 2019	\$ 347,822	\$ 347,126
\$250 million at 5.25% due March 1, 2022	247,973	247,685
\$300 million at 4.25% due December 1, 2024	296,785	296,529
\$300 million at 5.65% due December 1, 2044	295,139	295,084
	<b>1,187,719</b>	1,186,424
<b>Egypt limited recourse debt facilities</b>	<b>243,888</b>	288,515
<b>Other limited recourse debt facilities</b>	<b>75,007</b>	81,267
<b>Total long-term debt<sup>1</sup></b>	<b>1,506,614</b>	1,556,206
<b>Less current maturities</b>	<b>(57,072)</b>	(53,997)
	<b>\$ 1,449,542</b>	\$ 1,502,209

<sup>1</sup> Long-term debt is presented net of deferred financing fees.

During the quarter ended September 30, 2017, the Company made repayments of \$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.

The Company maintains a \$300 million committed revolving credit facility with a syndicate of highly rated financial institutions that expires in December 2019. Subsequent to the quarter ended September 30, 2017, we renewed and extended our \$300 million revolving credit facility for a five year term to 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. Certain conditions have not been met, resulting in a restriction on shareholder distributions from the Egypt entity. As of September 30, 2017, the Egypt cash balance on a 100% ownership basis was \$121 million. The Egypt entity continues to be able to fully utilize its funds for operating, capital and financing needs, including the repayment of the Egypt limited recourse debt facilities.

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 September 30, 2017, management believes the Company was in compliance with all significant terms and default provisions related to long-term debt obligations.



## 6. Net income (loss) per common share:

Diluted net income (loss) 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 (loss) 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 (loss) per common share as compared to the cash-settled method. For all periods presented, 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 and nine months ended September 30, 2017, stock options were considered dilutive resulting in an adjustment to the denominator. For the three and nine months ended September 30, 2016, the Company incurred a net loss attributable to Methanex shareholders and therefore exclusion of the stock options was more dilutive.

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

	Three Months Ended		Nine Months Ended	
	Sep 30 2017	Sep 30 2016	Sep 30 2017	Sep 30 2016
<b>Numerator for basic net income (loss) per common share</b>	<b>\$ 32,381</b>	<b>\$ (11,112)</b>	<b>\$ 248,096</b>	<b>\$ (37,387)</b>
<b>Adjustment for the effect of TSARs:</b>				
Cash-settled expense (recovery) included in net income	—	—	—	—
Equity-settled expense	—	—	—	—
<b>Numerator for diluted net income (loss) per common share</b>	<b>\$ 32,381</b>	<b>\$ (11,112)</b>	<b>\$ 248,096</b>	<b>\$ (37,387)</b>

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

	Three Months Ended		Nine Months Ended	
	Sep 30 2017	Sep 30 2016	Sep 30 2017	Sep 30 2016
<b>Denominator for basic net income (loss) per common share</b>	<b>85,769,423</b>	<b>89,800,458</b>	<b>87,727,375</b>	<b>89,772,093</b>
Effect of dilutive stock options	<b>50,561</b>	—	<b>53,637</b>	—
Effect of dilutive TSARs	—	—	—	—
<b>Denominator for diluted net income (loss) per common share</b>	<b>85,819,984</b>	<b>89,800,458</b>	<b>87,781,012</b>	<b>89,772,093</b>

## 7. Share-based compensation:

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

#### (i) Outstanding units:

Information regarding units outstanding at September 30, 2017 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, 2016	1,511,485	\$42.68	2,416,111	\$42.10
Granted	167,600	50.15	340,200	50.17
Exercised	(95,455)	27.70	(120,305)	27.29
Cancelled	(10,801)	50.18	(2,200)	34.59
Expired	(5,000)	25.22	—	—
Outstanding at June 30, 2017	1,567,829	\$44.39	2,633,806	\$43.82
<b>Exercised</b>	<b>(28,799)</b>	<b>33.67</b>	<b>(86,582)</b>	<b>30.74</b>
<b>Outstanding at September 30, 2017</b>	<b>1,539,030</b>	<b>\$44.59</b>	<b>2,547,224</b>	<b>\$44.27</b>

(per share amounts in USD)	Stock Options	
	Number of Units	Weighted Average Exercise Price
Outstanding at December 31, 2016	344,767	\$40.91
Granted	31,400	50.17
Exercised	(54,720)	29.18
Cancelled	(5,200)	55.22
Outstanding at June 30, 2017	316,247	\$43.62
<b>Exercised</b>	<b>(25,186)</b>	<b>31.58</b>
<b>Cancelled</b>	<b>(4,234)</b>	<b>47.60</b>
<b>Outstanding at September 30, 2017</b>	<b>286,827</b>	<b>\$44.62</b>

Range of Exercise Prices (per share amounts in USD)	Units Outstanding at September 30, 2017			Units Exercisable at September 30, 2017	
	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	3.43	639,378	\$32.72	399,690	\$31.60
\$38.24 to \$73.13	3.99	899,652	53.03	641,245	53.44
	3.76	1,539,030	\$44.59	1,040,935	\$45.05
<b>TSARs:</b>					
\$25.97 to \$35.51	3.48	1,026,243	\$32.94	648,098	\$31.97
\$38.24 to \$73.13	4.03	1,520,981	51.91	1,048,638	52.00
	3.81	2,547,224	\$44.27	1,696,736	\$44.35
<b>Stock options:</b>					
\$25.97 to \$35.51	3.42	118,850	\$32.80	74,180	\$31.72
\$38.24 to \$73.13	3.95	167,977	52.98	121,438	53.33
	3.73	286,827	\$44.62	195,618	\$45.14

**(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 September 30, 2017 was \$52.3 million compared with the recorded liability of \$47.9 million. The difference between the fair value and the recorded liability of \$4.4 million will be recognized over the weighted average remaining vesting period of approximately 1.5 years. The weighted average fair value was estimated at September 30, 2017 using the Black-Scholes option pricing model.

For the three and nine month periods ended September 30, 2017, compensation expense related to SARs and TSARs included an expense in cost of sales and operating expenses of \$14.8 million (2016 - expense of \$10.9 million) and an expense of \$17.3 million (2016 - expense of \$9.8 million), respectively. This included an expense of \$13.8 million (2016 - expense of \$10.0 million) and an expense of \$11.1 million (2016 - expense of \$3.8 million), respectively, related to the effect of the change in the Company's share price for the three and nine month periods ended September 30, 2017.

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

For the three and nine month periods ended September 30, 2017, compensation expense related to stock options included in cost of sales and operating expenses was \$0.1 million (2016 - \$0.1 million) and \$0.4 million (2016 - 0.5 million), respectively. 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 September 30, 2017 are as follows:

	Number of Deferred Share Units	Number of Restricted Share Units	Number of Performance Share Units
Outstanding at December 31, 2016	251,017	18,649	572,272
Granted	7,967	8,100	163,500
Performance factor impact on redemption <sup>1</sup>	—	—	(102,557)
Granted in-lieu of dividends	3,089	349	7,756
Redeemed	(13,789)	—	(34,186)
Cancelled	—	—	(6,320)
Outstanding at June 30, 2017	248,284	27,098	600,465
Granted	1,301	—	—
Granted in-lieu of dividends	1,481	160	3,542
Cancelled	—	—	(203)
<b>Outstanding at September 30, 2017</b>	<b>251,066</b>	<b>27,258</b>	<b>603,804</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, 2017.

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 September 30, 2017 was \$33.9 million compared with the recorded liability of \$28.5 million. The difference between the fair value and the recorded liability of \$5.4 million will be recognized over the weighted average remaining vesting period of approximately 1.6 years.

For the three and nine month periods ended September 30, 2017, compensation expense related to deferred, restricted and performance share units included in cost of sales and operating expenses was an expense of \$11.2 million (2016 - expense of \$2.1 million) and an expense of \$13.7 million (2016 - expense of \$2.4 million), respectively. This included an expense of \$10.6 million (2016 - expense of \$1.6 million) and an expense of \$11.2 million (2016 - recovery of \$0.2 million), respectively, related to the effect of the change in the Company's share price for the three and nine month periods ended September 30, 2017.

## 8. Changes in non-cash working capital:

Changes in non-cash working capital for the three and nine month periods ended September 30, 2017 and 2016 were as follows:

	Three Months Ended		Nine Months Ended	
	Sep 30 2017	Sep 30 2016	Sep 30 2017	Sep 30 2016
<b>Changes in non-cash working capital:</b>				
Trade and other receivables	\$ (17,424)	\$ (6,808)	\$ (16,122)	\$ 91,687
Inventories	(18,039)	6,638	(19,648)	6,166
Prepaid expenses	1,104	(677)	(8,529)	(894)
Trade, other payables and accrued liabilities	34,721	24,108	101,434	(40,279)
	362	23,261	57,135	56,680
Adjustments for items not having a cash effect and working capital changes relating to taxes and interest paid	(18,697)	(35,529)	(75,456)	(68,177)
<b>Changes in non-cash working capital having a cash effect</b>	<b>\$ (18,335)</b>	<b>\$ (12,268)</b>	<b>\$ (18,321)</b>	<b>\$ (11,497)</b>
<b>These changes relate to the following activities:</b>				
Operating	\$ (19,690)	\$ 2,033	\$ (5,883)	\$ (11,883)
Financing	(3,803)	(5,934)	(14,408)	(17,088)
Investing	5,158	(8,367)	1,970	17,474
<b>Changes in non-cash working capital</b>	<b>\$ (18,335)</b>	<b>\$ (12,268)</b>	<b>\$ (18,321)</b>	<b>\$ (11,497)</b>

## 9. 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 2017 to 2022. During the third quarter of 2017, the Company has designated additional 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 September 30, 2017, the Company had outstanding forward contracts designated as cash flow hedges with a notional amount of \$485 million (December 31, 2016 - \$484 million) and a net negative fair value of \$85.6 million (December 31, 2016 - \$61.9 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 September 30, 2017, the Company had outstanding forward exchange contracts designated as cash flow hedges to sell a notional amount of 19 million euros (December 31, 2016 - 92 million euros). The euro contracts had a negative fair value of \$0.9 million included in current liabilities (December 31, 2016 - positive fair value \$0.3 million included in current assets).

## 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	(2,702)	(14,292)	(24,778)	(58,495)	\$ (100,267)
Euro forward exchange contracts	(883)				\$ (883)

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

As at	September 30, 2017	
	Carrying Value	Fair Value
Long-term debt excluding deferred financing fees	\$ 1,517,449	\$ 1,538,621

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)**

	2017	Q3	Q2	Q1	2016	Q4	Q3	Q2	Q1
<b>METHANOL SALES VOLUME</b> (thousands of tonnes)									
Methanex-produced <sup>1</sup>	<b>5,299</b>	1,753	1,790	1,756	<b>6,828</b>	1,750	1,860	1,689	1,529
Purchased methanol	<b>1,656</b>	757	387	512	<b>1,892</b>	526	411	533	422
Commission sales <sup>1</sup>	<b>862</b>	261	297	304	<b>758</b>	245	205	140	168
	<b>7,817</b>	2,771	2,474	2,572	<b>9,478</b>	2,521	2,476	2,362	2,119
<b>METHANOL PRODUCTION</b> (thousands of tonnes)									
New Zealand	<b>1,385</b>	502	350	533	<b>2,181</b>	536	559	577	509
Geismar (Louisiana, USA)	<b>1,429</b>	499	437	493	<b>2,055</b>	526	519	527	483
Trinidad (Methanex interest)	<b>1,302</b>	457	449	396	<b>1,605</b>	455	420	417	313
Egypt (50% interest)	<b>389</b>	71	159	159	<b>293</b>	96	69	53	75
Medicine Hat (Canada)	<b>435</b>	158	159	118	<b>488</b>	92	114	123	159
Chile	<b>305</b>	78	60	167	<b>395</b>	154	68	73	100
	<b>5,245</b>	1,765	1,614	1,866	<b>7,017</b>	1,859	1,749	1,770	1,639
<b>AVERAGE REALIZED METHANOL PRICE <sup>2</sup></b> (\$/tonne)	<b>332</b>	307	327	365	<b>242</b>	278	236	223	230
(\$/gallon)	<b>1.00</b>	0.92	0.98	1.10	<b>0.73</b>	0.84	0.71	0.67	0.69
<b>PER SHARE INFORMATION</b> (\$ per common share attributable to Methanex shareholders)									
Adjusted net income (loss)	<b>3.03</b>	0.60	0.85	1.56	<b>(0.17)</b>	0.46	(0.01)	(0.34)	(0.27)
Basic net income (loss)	<b>2.83</b>	0.38	0.96	1.47	<b>(0.14)</b>	0.28	(0.12)	(0.03)	(0.26)
Diluted net income (loss)	<b>2.83</b>	0.38	0.89	1.46	<b>(0.14)</b>	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 ("Tolling Volume"). There has been no Tolling Volume produced since the fourth quarter of 2015.

<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 Tolling Volume.