

METHANEX CORP  
Form 6-K  
October 27, 2016  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE MONTH OF OCTOBER 2016

METHANEX CORPORATION  
(Registrant's name)

SUITE 1800, 200 BURRARD STREET, VANCOUVER, BC V6C 3M1 CANADA  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82

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Methanex Corporation  
1800 - 200 Burrard St.  
NEWS RELEASE Vancouver, BC Canada V6C 3M1  
Investor Relations: (604) 661-2600  
www.methanex.com

For immediate release

## METHANEX REPORTS THIRD QUARTER 2016 RESULTS

October 26, 2016

For the third quarter of 2016, Methanex reported a net loss attributable to Methanex shareholders of \$11 million (\$0.12 net loss per common share on a diluted basis) compared to a net loss of \$3 million (\$0.08 net loss per common share on a diluted basis) in the second quarter of 2016. Adjusted EBITDA for the third quarter of 2016 was \$74 million and Adjusted net loss was \$1 million (\$0.01 Adjusted net loss per common share). This compares with Adjusted EBITDA of \$38 million and Adjusted net loss of \$31 million (\$0.34 Adjusted net loss per common share) for the second quarter of 2016.

John Floren, President and CEO of Methanex commented, "Our third quarter Adjusted EBITDA reflects the impact of higher average realized methanol pricing along with higher sales of produced methanol compared to the second quarter. We achieved another company record this quarter with a 5% increase in sales to 2,476,000 tonnes. Sales of produced methanol was also a quarterly record of 1,860,000 tonnes. We continue to experience healthy global demand, and we estimate year-over-year demand growth at 10% as at September 30, 2016. A tighter supply/demand balance, combined with rising China thermal coal prices which pressured the cost of China production, contributed to improving methanol prices."

John Floren continued, "Our subsidiary Waterfront Shipping took delivery of two additional vessels this quarter capable of running on methanol, and we expect the final vessel of seven to be delivered in November 2016. We expect these innovative new dual-fuel vessels to play an important role in paving the way for methanol as a clean burning marine fuel."

"We continue to make significant progress in improving our operating capacity in Chile. This quarter we reached an agreement with Empresa Nacional del Petróleo for additional gas supply through May 2018, and also amended and extended our gas supply agreement with GeoPark Fell SpA. Our combined gas supply commitments from these and other sources are expected to allow our 0.9 million tonne Chile I facility to achieve an annual operating rate of approximately 60% of capacity, on average, through May 2018. We continue to be optimistic that our underutilized 1.7 million tonne Chile facilities represent a low capital cost growth opportunity for Methanex as further progress is made in lowering the cost of developing reserves in the area."

Mr. Floren concluded, "During the quarter, we paid a \$25 million dividend to shareholders. With \$234 million of cash on hand, an undrawn credit facility and a robust balance sheet, we continue to be well positioned to meet our financial and capital commitments. Our assets are in excellent shape and we are poised to generate strong future cash flows as methanol prices improve."

## FURTHER INFORMATION

The information set forth in this news release summarizes Methanex's key financial and operational data for the third quarter of 2016. It is not a complete source of information for readers and is not in any way a substitute for reading the third quarter 2016 Management's Discussion and Analysis ("MD&A") dated October 26, 2016 and the condensed

consolidated interim financial statements for the period ended September 30, 2016, both of which are available from the Investor Relations section of our website at [www.methanex.com](http://www.methanex.com). The MD&A and the condensed consolidated interim financial statements for the period ended September 30, 2016 are also available on the Canadian Securities Administrators' SEDAR website at [www.sedar.com](http://www.sedar.com) and on the United States Securities and Exchange Commission's EDGAR website at [www.sec.gov](http://www.sec.gov).

METHANEX CORPORATION 2016 THIRD QUARTER NEWS RELEASE PAGE 1

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## FINANCIAL AND OPERATIONAL DATA

(\$ millions except per share amounts and where noted)	Three Months Ended			Nine Months Ended	
	Sep 30 2016	Jun 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Production (thousands of tonnes) (attributable to Methanex shareholders)	1,749	1,770	1,259	5,158	3,804
Sales volume (thousands of tonnes)					
Methanex-produced methanol (attributable to Methanex shareholders)	1,860	1,689	1,238	5,078	3,678
Purchased methanol	411	533	679	1,366	2,144
Commission sales	205	140	169	513	463
Total sales volume <sup>1</sup>	2,476	2,362	2,086	6,957	6,285
Methanex average non-discounted posted price (\$ per tonne) <sup>2</sup>	272	260	384	268	390
Average realized price (\$ per tonne) <sup>3</sup>	236	223	323	230	337
Revenue	510	468	527	1,413	1,742
Adjusted revenue	537	496	619	1,483	1,940
Adjusted EBITDA	74	38	95	148	321
Cash flows from operating activities	74	34	134	178	253
Adjusted net income (loss)	(1)	(31)	23	(56)	95
Net income (loss) (attributable to Methanex shareholders)	(11)	(3)	78	(37)	191
Adjusted net income (loss) per common share	(0.01)	(0.34)	0.26	(0.63)	1.04
Basic net income (loss) per common share	(0.12)	(0.03)	0.87	(0.42)	2.10
Diluted net income (loss) per common share	(0.12)	(0.08)	0.54	(0.42)	1.90
Common share information (millions of shares)					
Weighted average number of common shares	90	90	90	90	91
Diluted weighted average number of common shares	90	90	91	90	92
Number of common shares outstanding, end of period	90	90	90	90	90

Total sales volume includes any volume produced by Chile using natural gas supplied from Argentina under a tolling arrangement ("Tolling Volume"). Tolling Volume was nil for the three and nine months ended September 30, 2016 compared to 1,000 tonnes and 69,000 tonnes for the same periods in 2015. Commission sales represent volume marketed on a commission basis related to the 36.9% of the Atlas methanol facility and 50% of the Egypt methanol facility that we do not own.

Methanex average non-discounted posted price represents the average of our non-discounted posted prices in North America, Europe and Asia Pacific weighted by sales volume. Current and historical pricing information is available at [www.methanex.com](http://www.methanex.com).

Average realized 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 (attributable to Methanex shareholders) and purchased methanol, but excluding Tolling Volume.

A reconciliation from Net income (loss) attributable to Methanex shareholders to Adjusted net income (loss) and the calculation of Adjusted net income (loss) per common share is as follows:

(\$ millions except number of shares and per share amounts)	Three Months Ended			Nine Months Ended	
	Sep 30 2016	Jun 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Net income (loss) (attributable to Methanex shareholders)	\$(11)	\$(3)	\$78	\$(37)	\$191
Mark-to-market impact of share-based compensation, net of tax	10	(7)	(55)	2	(39)
Argentina gas settlement, net of tax	—	(21)	—	(21)	—
Gain related to the termination of a terminal services agreement, net of tax	—	—	—	—	(57)
Adjusted net income (loss)	\$(1)	\$(31)	\$23	\$(56)	\$95
Diluted weighted average shares outstanding (millions)	90	90	91	90	92
Adjusted net income (loss) per common share	\$(0.01)	\$(0.34)	\$0.26	\$(0.63)	\$1.04

We recorded a net loss attributable to Methanex shareholders of \$11 million during the third quarter of 2016, compared to a net loss of \$3 million in the second quarter of 2016. The change is primarily due to an increase in our average realized price during the third quarter which was offset by the impact of a settlement received in the second quarter and a mark-to-market loss on share-based compensation in the third quarter (compared to a mark-to-market gain in the second quarter).

We recorded Adjusted EBITDA of \$74 million for the third quarter of 2016 compared with \$38 million for the second quarter of 2016. Adjusted net loss was \$1 million for the third quarter of 2016, compared to adjusted net loss of \$31 million for the second quarter of 2016. The improvement in Adjusted EBITDA and Adjusted net loss was primarily due to an increase in our average realized price and increased sales of Methanex-produced methanol. Our average realized price increased to \$236 per tonne for the third quarter of 2016 from \$223 per tonne for the second quarter of 2016.

Sales of Methanex-produced methanol were a record 1,860,000 tonnes in the third quarter of 2016 compared with 1,689,000 in the second quarter of 2016. Sales of Methanex-produced methanol were higher than production in the third quarter, which resulted in a draw on our produced product inventory by over 100,000 tonnes. Please refer to the Production Highlights section of this document for production detail.

Cash flows from operating activities in the third quarter of 2016 were \$74 million compared with \$34 million for the second quarter of 2016.

Our planned capital maintenance expenditure program directed towards maintenance, turnarounds and catalyst changes for existing operations, including our 63.1% share of Atlas, is currently estimated to be approximately \$100 million from October 1, 2016 to the end of 2017.

During the third quarter of 2016 we paid a \$0.275 per common share dividend to shareholders for a total of \$25 million.

## PRODUCTION HIGHLIGHTS

	Q3 2016	Q2 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
(thousands of tonnes)	Operating Capacity <sup>1</sup>	Production	Production	Production	Production
New Zealand <sup>2</sup>	608	559	577	476	1,645
Geismar (Louisiana, USA) <sup>3</sup>	500	519	527	259	1,529
Trinidad (Methanex interest) <sup>4</sup>	500	420	417	398	1,150
Egypt (50% interest)	158	69	53	—	197
Medicine Hat (Canada)	150	114	123	123	396
Chile <sup>5</sup>	220	68	73	3	241
	2,136	1,749	1,770	1,259	5,158
					3,804

Operating capacity includes only those facilities which are currently capable of operating, but excludes any portion of an asset that is underutilized due to a lack of natural gas feedstock over a prolonged period of time. Our current annual operating capacity is 8.5 million tonnes, including 0.9 million tonnes related to our Chile operations. The

<sup>1</sup> operating capacity of our production facilities may be higher than original nameplate capacity as, over time, these figures have been adjusted to reflect ongoing operating efficiencies at these facilities. Actual production for a facility in any given year may be higher or lower than operating capacity due to a number of factors, including natural gas composition or the age of the facility's catalyst.

<sup>2</sup> The operating capacity of New Zealand is made up of the two Motunui facilities and the Waitara Valley facility.

<sup>3</sup> We commenced methanol production from Geismar 1 during the first quarter of 2015 and from Geismar 2 late in the fourth quarter of 2015. Each facility has an annual operating capacity of 1.0 million tonnes.

<sup>4</sup> The operating capacity of Trinidad is made up of the Titan (100% interest) and Atlas (63.1% interest) facilities.

<sup>5</sup> The production capacity of our Chile I and IV facilities is 1.7 million tonnes annually assuming access to economical natural gas feedstock.

Production for the third quarter of 2016 was 1,749,000 tonnes compared with 1,770,000 tonnes for the second quarter of 2016. Key production and operational highlights include:

Strong production from our three plants in New Zealand, with production of 559,000 tonnes.

Geismar production rates continue to be strong, reflecting, in part, the relatively new catalyst at these plants. During the quarter, we consented to the Geismar 1 gas supply contract being assigned to a significant North American physical natural gas producer and marketer. As part of this consent, the Geismar 1 gas pricing formula has been amended to eliminate the methanol revenue sharing component. The base price for the contract is unchanged.

Operating rate of 84% in Trinidad, reflecting continued gas restrictions in the region.

Egypt production of 69,000 tonnes (Methanex share). The plant was taken offline for planned maintenance activities for approximately 40 days during the third quarter of 2016.

Medicine Hat production of 114,000 tonnes or 76% of capacity, due to an unplanned maintenance shutdown at the plant that resulted in lost production of approximately 30,000 tonnes during the quarter.

Chile production of 68,000 tonnes, 100% supported by natural gas supplies from Chile. The plant underwent planned maintenance for approximately 30 days during the third quarter of 2016, and restarted in early August.

#### CONFERENCE CALL

A conference call is scheduled for October 27, 2016 at 12:00 noon ET (9:00 am PT) to review these third quarter results. To access the call, dial the conferencing operator ten minutes prior to the start of the call at (416) 340-8530, or toll free at (800) 769-8320. Presentation slides summarizing the Q3 2016 results and a simultaneous audio-only webcast of the conference call can be accessed from our website at [www.methanex.com](http://www.methanex.com). A playback version of the conference call will be available until November 17, 2016 at (905) 694-9451, or toll free at (800) 408-3053. The passcode for the playback version is 9343032. The webcast will be available on the website for three weeks following the call.

#### ABOUT METHANEX

Methanex is a Vancouver-based, publicly traded company and is the world's largest producer and supplier of methanol to major international markets. Methanex shares are listed for trading on the Toronto Stock Exchange in Canada under the trading symbol "MX" and on the NASDAQ Global Market in the United States under the trading symbol "MEOH".

#### FORWARD-LOOKING INFORMATION WARNING

This third quarter 2016 press release contains forward-looking statements with respect to us and the chemical industry. By its nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond the Company's control. Readers are cautioned that undue reliance should not be placed on forward-looking information as actual results may vary materially from the forward-looking information. Methanex does not undertake to update, correct or revise any forward-looking information as a result of any new information, future events or otherwise, except as may be required by applicable law. Refer to Forward-Looking Information Warning in the third quarter 2016 Management's Discussion and Analysis for more information which is available from the Investor Relations section of our website at [www.methanex.com](http://www.methanex.com), the Canadian Securities Administrators' SEDAR website at [www.sedar.com](http://www.sedar.com) and on the United States Securities and Exchange Commission's EDGAR website at [www.sec.gov](http://www.sec.gov).

#### NON-GAAP MEASURES

The Company has used the terms Adjusted EBITDA, Adjusted net income, Adjusted net income per common share, Adjusted revenue and operating income throughout this document. These items are non-GAAP measures that do not have any standardized meaning prescribed by GAAP. These measures represent the amounts that are attributable to Methanex Corporation shareholders and are calculated by excluding the mark-to-market impact of share-based compensation as a result of changes in our share price and the impact of certain items associated with specific identified events. Refer to Additional Information - Supplemental Non-GAAP measures on page 12 of the Company's MD&A for the three and nine months ended September 30, 2016 for reconciliations to the most comparable GAAP measures. Unless otherwise indicated, the financial information presented in this release is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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For further information, contact:

Sandra Daycock  
Director, Investor Relations  
Methanex Corporation  
604-661-2600





<p>Management's Discussion and Analysis for the Three and Nine Months Ended September 30, 2016 At October 25, 2016 the Company had 89,814,688 common shares issued and outstanding and stock options exercisable for 1,915,319 additional common shares.</p>	<p>Share Information Methanex Corporation's common shares are listed for trading on the Toronto Stock Exchange under the symbol MX and on the Nasdaq Global Market under the symbol MEOH.</p> <p>Transfer Agents &amp; Registrars CST Trust Company 320 Bay Street Toronto, Ontario Canada M5H 4A6 Toll free in North America: 1-800-387-0825</p>	<p>Investor Information All financial reports, news releases and corporate information can be accessed on our website at <a href="http://www.methanex.com">www.methanex.com</a>.</p> <p>Contact Information Methanex Investor Relations 1800 - 200 Burrard Street Vancouver, BC Canada V6C 3M1 E-mail: <a href="mailto:invest@methanex.com">invest@methanex.com</a> Methanex Toll-Free: 1-800-661-8851</p>
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### THIRD QUARTER MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Except where otherwise noted, all currency amounts are stated in United States dollars.

### FINANCIAL AND OPERATIONAL HIGHLIGHTS

A reconciliation from net income (loss) attributable to Methanex shareholders to Adjusted net income (loss) and the calculation of Adjusted net income (loss) per common share is as follows:

(\$ millions except number of shares and per share amounts)	Three Months Ended			Nine Months Ended	
	Sep 30 2016	Jun 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Net income (loss) (attributable to Methanex shareholders)	\$ (11)	\$ (3)	\$ 78	\$ (37)	\$ 191
Mark-to-market impact of share-based compensation, net of tax	10	(7)	(55)	2	(39)
Argentina gas settlement, net of tax	—	(21)	—	(21)	—
Gain related to the termination of a terminal services agreement, net of tax	—	—	—	—	(57)
Adjusted net income (loss) <sup>1</sup>	\$ (1)	\$ (31)	\$ 23	\$ (56)	\$ 95
Diluted weighted average shares outstanding (millions)	90	90	91	90	92
Adjusted net income (loss) per common share <sup>1</sup>	\$ (0.01)	\$ (0.34)	\$ 0.26	\$ (0.63)	\$ 1.04

The Company has used the terms Adjusted EBITDA, Adjusted net income, Adjusted net income per common share, Adjusted revenue and operating income throughout this document. These items are non-GAAP measures that do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. Refer to Additional Information - Supplemental Non-GAAP Measures on page 12 of the MD&A for reconciliations to the most comparable GAAP measures.

We recorded a net loss attributable to Methanex shareholders of \$11 million during the third quarter of 2016, compared to a net loss of \$3 million in the second quarter of 2016. The change is primarily due to an increase in our average realized price during the third quarter which was offset by the impact of a settlement received in the second quarter and a mark-to-market loss on share-based compensation in the third quarter (compared to a mark-to-market gain in the second quarter).

We recorded Adjusted EBITDA of \$74 million for the third quarter of 2016 compared with \$38 million for the second quarter of 2016. Adjusted net loss was \$1 million for the third quarter of 2016, compared to Adjusted net loss of \$31 million for the second quarter of 2016. The improvement in Adjusted EBITDA and Adjusted net loss was primarily due to an increase in our average realized price and increased sales of Methanex-produced methanol. Our average realized price increased to \$236 per tonne for the third quarter of 2016 from \$223 per tonne for the second quarter of

2016.

Production for the third quarter of 2016 was 1,749,000 tonnes compared with 1,770,000 tonnes for the second quarter of 2016. Refer to the Production Summary section on page 3 of the MD&A.

Sales of Methanex-produced methanol were a record 1,860,000 tonnes in the third quarter of 2016 compared with 1,689,000 tonnes in the second quarter of 2016. Sales of Methanex-produced methanol were higher than production in the third quarter, which resulted in a draw on our produced product inventory by approximately 100,000 tonnes during the quarter.

During the third quarter of 2016 we paid a \$0.275 per common share dividend to shareholders for a total of \$25 million.

METHANEX CORPORATION 2016 THIRD QUARTER PAGE 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Third Quarter 2016 Management's Discussion and Analysis dated October 26, 2016 for Methanex Corporation ("the Company") should be read in conjunction with the Company's condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2016 as well as the 2015 Annual Consolidated Financial Statements and MD&A included in the Methanex 2015 Annual Report. Unless otherwise indicated, the financial information presented in this interim report is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Methanex 2015 Annual Report and additional information relating to Methanex is available on our website at [www.methanex.com](http://www.methanex.com), the Canadian Securities Administrators' SEDAR website at [www.sedar.com](http://www.sedar.com) and on the United States Securities and Exchange Commission's EDGAR website at [www.sec.gov](http://www.sec.gov).

## FINANCIAL AND OPERATIONAL DATA

(\$ millions except per share amounts and where noted)	Three Months Ended			Nine Months Ended	
	Sep 30 2016	Jun 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Production (thousands of tonnes) (attributable to Methanex shareholders)	1,749	1,770	1,259	5,158	3,804
Sales volume (thousands of tonnes)					
Methanex-produced methanol (attributable to Methanex shareholders)	1,860	1,689	1,238	5,078	3,678
Purchased methanol	411	533	679	1,366	2,144
Commission sales	205	140	169	513	463
Total sales volume <sup>1</sup>	2,476	2,362	2,086	6,957	6,285
Methanex average non-discounted posted price (\$ per tonne) <sup>2</sup>	272	260	384	268	390
Average realized price (\$ per tonne) <sup>3</sup>	236	223	323	230	337
Revenue	510	468	527	1,413	1,742
Adjusted revenue	537	496	619	1,483	1,940
Adjusted EBITDA	74	38	95	148	321
Cash flows from operating activities	74	34	134	178	253
Adjusted net income (loss)	(1)	(31)	23	(56)	95
Net income (loss) (attributable to Methanex shareholders)	(11)	(3)	78	(37)	191
Adjusted net income (loss) per common share	(0.01)	(0.34)	0.26	(0.63)	1.04
Basic net income (loss) per common share	(0.12)	(0.03)	0.87	(0.42)	2.10
Diluted net income (loss) per common share	(0.12)	(0.08)	0.54	(0.42)	1.90
Common share information (millions of shares)					
Weighted average number of common shares	90	90	90	90	91
Diluted weighted average number of common shares	90	90	91	90	92
Number of common shares outstanding, end of period	90	90	90	90	90

Total sales volume includes any volume produced by Chile using natural gas supplied from Argentina under a tolling arrangement ("Tolling Volume"). Tolling Volume was nil for the three and nine months ended September 30, 2016 compared to 1,000 tonnes and 69,000 tonnes for the same periods in 2015. Commission sales represent volume marketed on a commission basis related to the 36.9% of the Atlas methanol facility and 50% of the Egypt methanol facility that we do not own.

Methanex average non-discounted posted price represents the average of our non-discounted posted prices in North America, Europe and Asia Pacific weighted by sales volume. Current and historical pricing information is available at [www.methanex.com](http://www.methanex.com).

Average realized 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 (attributable to Methanex shareholders) and purchased methanol, but excluding Tolling Volume.

METHANEX CORPORATION 2016 THIRD QUARTER PAGE 2  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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## PRODUCTION SUMMARY

(thousands of tonnes)	Q3 2016 Operating Capacity <sup>1</sup>	Q2 2016 Production	Q3 2015 Production	YTD Q3 2016 Production	YTD Q3 2015 Production
New Zealand <sup>2</sup>	608	559	577	1,645	1,444
Geismar (Louisiana, USA) <sup>3</sup>	500	519	527	1,529	715
Trinidad (Methanex interest) <sup>4</sup>	500	420	417	1,150	1,212
Egypt (50% interest)	158	69	53	197	16
Medicine Hat (Canada)	150	114	123	396	301
Chile <sup>5</sup>	220	68	73	241	116
	2,136	1,749	1,770	5,158	3,804

Operating capacity includes only those facilities which are currently capable of operating, but excludes any portion of an asset that is underutilized due to a lack of natural gas feedstock over a prolonged period of time. Our current annual operating capacity is 8.5 million tonnes, including 0.9 million tonnes related to our Chile operations. The

<sup>1</sup> operating capacity of our production facilities may be higher than original nameplate capacity as, over time, these figures have been adjusted to reflect ongoing operating efficiencies at these facilities. Actual production for a facility in any given year may be higher or lower than operating capacity due to a number of factors, including natural gas composition or the age of the facility's catalyst.

<sup>2</sup> The operating capacity of New Zealand is made up of the two Motunui facilities and the Waitara Valley facility (refer to the New Zealand section below).

<sup>3</sup> We commenced methanol production from Geismar 1 during the first quarter of 2015 and from Geismar 2 late in the fourth quarter of 2015. Each facility has an annual operating capacity of 1.0 million tonnes.

<sup>4</sup> The operating capacity of Trinidad is made up of the Titan (100% interest) and Atlas (63.1% interest) facilities (refer to the Trinidad section below).

<sup>5</sup> The production capacity of our Chile I and IV facilities is 1.7 million tonnes annually assuming access to economical natural gas feedstock.

## New Zealand

Our New Zealand methanol facilities produced 559,000 tonnes of methanol in the third quarter of 2016 compared with 577,000 tonnes in the second quarter of 2016. The New Zealand facilities are capable of producing up to 2.4 million tonnes annually, depending on natural gas composition.

## United States

The Geismar methanol facilities produced 519,000 tonnes during the third quarter of 2016 compared to 527,000 tonnes during the second quarter of 2016. During the third quarter of 2016, the plants continued to run at strong rates, reflecting, in part, the age of their catalyst.

During the quarter, we consented to the Geismar 1 gas supply contract being assigned to a significant North American physical natural gas producer and marketer. As part of this consent, the Geismar 1 gas pricing formula has been amended to eliminate the methanol revenue sharing component. The base price for the contract is unchanged.

## Trinidad

Production in Trinidad during the quarter was impacted by gas curtailments at both plants. The Trinidad facilities produced 420,000 tonnes (Methanex interest) in the third quarter of 2016 compared with 417,000 tonnes (Methanex interest) in the second quarter of 2016.

We continue to experience natural gas curtailments to our Trinidad facilities due to a mismatch between upstream supply to the Natural Gas Company of Trinidad and Tobago ("NGC") and downstream demand from NGC's customers including Atlas and Titan. We are engaged with key stakeholders to find a solution to this issue, but in the meantime

expect to continue to experience gas curtailments to the Trinidad site.

METHANEX CORPORATION 2016 THIRD QUARTER PAGE 3  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Egypt

The Egypt methanol facility produced 138,000 tonnes (Methanex share - 69,000 tonnes) in the third quarter of 2016 compared to 106,000 tonnes (Methanex share - 53,000 tonnes) in the second quarter of 2016. The plant was taken offline for planned maintenance activities for approximately 40 days during the third quarter of 2016.

The Egypt facility has experienced periodic natural gas supply restrictions since mid-2012 and gas restrictions worsened through 2014 and 2015. Gas deliveries for the nine months ended September 30, 2016 have improved significantly compared to the same period in 2015. It continues to be difficult to predict when the gas supply situation will be fully restored; however, we are optimistic that the strong efforts by Egyptian governmental entities to fast-track existing and new upstream gas supply in Egypt are leading to improved gas deliveries and an improved outlook for gas deliveries in the medium term.

### Canada

During the third quarter of 2016, we produced 114,000 tonnes at our Medicine Hat facility compared with 123,000 tonnes during the second quarter of 2016. The plant was shut down for approximately 20 days during the quarter for repairs. The shutdown resulted in lost production of approximately 30,000 tonnes during the third quarter of 2016.

### Chile

During the third quarter of 2016, we produced 68,000 tonnes in Chile, 100% supported by natural gas supplies from Chile, compared to 73,000 tonnes during the second quarter of 2016. The plant underwent planned maintenance for approximately 30 days during the third quarter of 2016, and restarted in early August.

During the quarter, we reached an agreement with our main gas supplier in Chile, Empresa Nacional del Petróleo, for gas supply for the period through May 2018. We also amended our gas supply agreement with GeoPark Fell SpA and extended the term for an additional 10 years beyond April 2017. This gas supply, when combined with commitments from other sources, is expected to allow the 0.9 million tonne per year Chile I facility to achieve an annual operating rate of approximately 60% of capacity, on average, through May 2018. The future of our Chile operations is primarily dependent on the level of natural gas exploration and development in southern Chile and our ability to secure a sustainable natural gas supply to our facilities on economic terms from Chile and Argentina. We continue to be optimistic that our underutilized 1.7 million tonne Chile facilities represent a low capital cost growth opportunity for Methanex as further progress is made in lowering the cost of developing reserves in the area.

### FINANCIAL RESULTS

For the third quarter of 2016, we reported a net loss attributable to Methanex shareholders of \$11 million (\$0.12 loss per common share on a diluted basis) compared with net loss attributable to Methanex shareholders for the second quarter of 2016 of \$3 million (\$0.08 loss per common share on a diluted basis).

For the third quarter of 2016, we recorded Adjusted EBITDA of \$74 million and Adjusted net loss of \$1 million (\$0.01 Adjusted net loss per common share). This compares with Adjusted EBITDA of \$38 million and Adjusted net loss of \$31 million (\$0.34 Adjusted net loss per common share) for the second quarter of 2016.

We calculate Adjusted EBITDA and Adjusted net income (loss) by including amounts related to our equity share of the Atlas facility (63.1% interest) and by excluding the non-controlling interests' share, the mark-to-market impact of share-based compensation as a result of changes in our share price and the impact of certain items associated with specific identified events. Refer to Additional Information - Supplemental Non-GAAP Measures on page 12 of the MD&A for a further discussion on how we calculate these measures. Our analysis of depreciation and amortization, finance costs, finance income and other expenses and income taxes is consistent with the presentation of our consolidated statements of income and excludes amounts related to Atlas.





A reconciliation from net income (loss) attributable to Methanex shareholders to Adjusted net income (loss) and the calculation of Adjusted net income (loss) per common share is as follows:

(\$ millions except number of shares and per share amounts)	Three Months Ended			Nine Months Ended	
	Sep 30 2016	Jun 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Net income (loss) (attributable to Methanex shareholders)	\$(11)	\$(3)	\$78	\$(37)	\$191
Mark-to-market impact of share-based compensation, net of tax	10	(7)	(55)	2	(39)
Argentina gas settlement, net of tax	—	(21)	—	(21)	—
Gain related to the termination of a terminal services agreement, net of tax	—	—	—	—	(57)
Adjusted net income (loss)	\$(1)	\$(31)	\$23	\$(56)	\$95
Diluted weighted average shares outstanding (millions)	90	90	91	90	92
Adjusted net income (loss) per common share	\$(0.01)	\$(0.34)	\$0.26	\$(0.63)	\$1.04

We review our financial results by analyzing changes in Adjusted EBITDA, mark-to-market impact of share-based compensation, depreciation and amortization, Argentina gas settlement, gain on terminal services agreement, finance costs, finance income and other expenses and income taxes. A summary of our consolidated statements of income is as follows:

(\$ millions)	Three Months Ended			Nine Months Ended	
	Sep 30 2016	Jun 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Consolidated statements of income (loss):					
Revenue	\$510	\$468	\$527	\$1,413	\$1,742
Cost of sales and operating expenses	(460)	(430)	(394)	(1,294)	(1,422)
Mark-to-market impact of share-based compensation	12	(8)	(67)	3	(49)
Adjusted EBITDA (attributable to associate)	18	13	38	39	78
Amounts excluded from Adjusted EBITDA attributable to non-controlling interests	(6)	(5)	(9)	(13)	(28)
Adjusted EBITDA (attributable to Methanex shareholders)	74	38	95	148	321
Mark-to-market impact of share-based compensation	(12)	8	67	(3)	49
Depreciation and amortization	(62)	(58)	(51)	(173)	(145)
Argentina gas settlement	—	33	—	33	—
Gain related to the termination of a terminal services agreement	—	—	—	—	65
Finance costs	(23)	(22)	(16)	(66)	(55)
Finance income and other expenses	2	—	1	5	(6)
Income tax recovery (expense)	10	—	(10)	20	(25)
Earnings of associate adjustment <sup>1</sup>	(10)	(11)	(18)	(29)	(41)
Non-controlling interests adjustment <sup>1</sup>	10	9	10	28	28
Net income (loss) (attributable to Methanex shareholders)	\$(11)	\$(3)	\$78	\$(37)	\$191
Net income (loss)	\$(15)	\$(7)	\$77	\$(53)	\$191

<sup>1</sup> These adjustments represent depreciation and amortization, finance costs, finance income and other expenses and income taxes associated with our 63.1% interest in the Atlas methanol facility and the non-controlling interests.



Adjusted EBITDA (attributable to Methanex shareholders)

Our operations consist of a single operating segment - the production and sale of methanol. We review the results of operations by analyzing changes in the components of Adjusted EBITDA. For a discussion of the definitions used in our Adjusted EBITDA analysis, refer to How We Analyze Our Business on page 15 of the MD&A. Changes in these components - average realized price, sales volume, and total cash costs - similarly impact net income or loss attributable to Methanex shareholders.

The changes in Adjusted EBITDA resulted from changes in the following:

(\$ millions)	YTD Q3		
	Q3 2016 compared with Q2 2016	Q3 2016 compared with Q3 2015	2016 compared with YTD Q3 2015
Average realized price	\$ 31	\$ (197 )	\$ (691 )
Sales volume	2	25	54
Total cash costs	3	151	464
Increase (decrease) in Adjusted EBITDA	\$ 36	\$ (21 )	\$ (173 )

Average realized price

(\$ per tonne)	Three Months Ended			Nine Months Ended	
	Sep 30 2016	Jun 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Methanex average non-discounted posted price	272	260	384	268	390
Methanex average realized price	236	223	323	230	337

Methanex's average realized price for the third quarter of 2016 was higher compared to the second quarter of 2016 driven by higher non-discounted posted prices in North America, Asia Pacific and Europe (refer to Supply/Demand Fundamentals section on page 10 of the MD&A for more information). The increase in average realized price for the third quarter of 2016 compared with the second quarter of 2016 increased Adjusted EBITDA by \$31 million. The decrease in average realized price for the three and nine months ended September 30, 2016 compared with the same periods in 2015, decreased Adjusted EBITDA by \$197 million and \$691 million, respectively.

Sales volume

Methanol sales volume excluding commission sales volume was higher in the third quarter of 2016 compared with the second quarter of 2016 by 49,000 tonnes and higher compared with the third quarter of 2015 by 354,000 tonnes. The change in methanol sales volume excluding commission sales for the third quarter of 2016, compared with the second quarter of 2016 and the third quarter of 2015, increased Adjusted EBITDA by \$2 million and \$25 million, respectively. For the nine months ended September 30, 2016 compared with the same period in 2015, methanol sales volume excluding commission sales was higher by 622,000 tonnes resulting in higher Adjusted EBITDA by \$54 million.

Total cash costs

The primary drivers of changes in our total cash costs are changes in the cost of methanol we produce at our facilities ("Methanex-produced methanol") and changes in the cost of methanol we purchase from others ("purchased methanol"). Most of our current production facilities are underpinned by natural gas purchase agreements with pricing terms that include base and variable price components linked to the price of methanol. We supplement our production

with methanol produced by others through methanol offtake contracts and purchases on the spot market to meet customer needs and to support our marketing efforts within the major global markets.

We have adopted the first-in, first-out method of accounting for inventories and it generally takes between 30 and 60 days to sell the methanol we produce or purchase. Accordingly, the changes in Adjusted EBITDA as a result of changes in Methanex-produced and purchased methanol costs primarily depend on changes in methanol pricing and the timing of inventory flows.

METHANEX CORPORATION 2016 THIRD QUARTER PAGE 6  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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In a rising price environment, our margins at a given price are higher than in a stable price environment as a result of timing of methanol purchases and production versus sales. Generally, the opposite applies when methanol prices are decreasing.

The changes in our total cash costs were due to the following:

(\$ millions)	Q3 2016	Q3 2016	YTD Q3
	compared with Q2 2016	compared with Q3 2015	compared with YTD Q3 2015
Methanex-produced methanol costs	\$ 3	\$ 60	\$ 171
Proportion of Methanex-produced methanol sales	5	53	141
Purchased methanol costs	(6	)45	159
Other, net	1	(7	)(7 )
Decrease in total cash costs	\$ 3	\$ 151	\$ 464

#### Methanex-produced methanol costs

Natural gas is the primary feedstock at our methanol facilities and is the most significant component of Methanex-produced methanol costs. We purchase natural gas at most of our facilities under agreements where the unique terms of each contract include a base price and a variable price component linked to the price of methanol to reduce our commodity price risk exposure. The variable price component of each gas contract is adjusted by a formula related to methanol prices above a certain level. For the third quarter of 2016 compared with the second quarter of 2016 and with the third quarter of 2015, Methanex-produced methanol costs were lower by \$3 million and \$60 million, respectively. For the nine months ended September 30, 2016 compared with the same period in 2015, Methanex-produced methanol costs were lower by \$171 million. Changes in Methanex-produced methanol costs for all periods presented are primarily due to the impact of changes in realized methanol prices on the variable portion of our natural gas costs and changes in the mix of production sold from inventory.

#### Proportion of Methanex-produced methanol sales

The cost of purchased methanol is directly linked to the selling price for methanol at the time of purchase and the cost of purchased methanol is generally higher than the cost of Methanex-produced methanol. Accordingly, an increase in the proportion of Methanex-produced methanol sales results in a decrease in our overall cost structure for a given period. For the third quarter of 2016 compared with the second quarter of 2016 and with the third quarter of 2015, a higher proportion of Methanex-produced methanol sales increased Adjusted EBITDA by \$5 million and \$53 million, respectively. For the nine months ended September 30, 2016 compared with the same period in 2015, a higher proportion of Methanex-produced methanol sales increased Adjusted EBITDA by \$141 million.

#### Purchased methanol costs

Changes in purchased methanol costs for all periods presented are primarily a result of changes in methanol pricing.

#### Other, net

For the three and nine months ended September 30, 2016 compared with the same periods in 2015, other costs were higher by \$7 million, primarily due to higher logistics costs from increased sales volume.

#### Mark-to-Market Impact of Share-based Compensation

We grant share-based awards as an element of compensation. Share-based awards granted include stock options, share appreciation rights, tandem share appreciation rights, deferred share units, restricted share units and performance share

units. For all share-based awards, share-based compensation is recognized over the related vesting period for the proportion of the service that has been rendered at each reporting date. Share-based compensation includes an amount related to the grant-date value and a mark-to-market impact as a result of subsequent changes in the fair value of the share-based awards primarily driven by the Company's share price. The grant-date value amount is included in Adjusted EBITDA and Adjusted net income. The mark-to-market impact of share-based compensation as a result of changes in our share price is excluded from Adjusted EBITDA and Adjusted net income and analyzed separately.

METHANEX CORPORATION 2016 THIRD QUARTER PAGE 7  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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(\$ millions except share price)	Three Months Ended			Nine Months Ended	
	Sep 30 2016	Jun 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Methanex Corporation share price <sup>1</sup>	\$35.68	\$29.10	\$33.16	\$35.68	\$33.16
Grant-date fair value expense included in Adjusted EBITDA and Adjusted net income	1	4	3	9	17
Mark-to-market impact due to change in share price	12	(8 )	(67 )	3	(49 )
Total share-based compensation expense (recovery), before tax	\$13	\$(4 )	\$(64 )	\$12	\$(32 )

<sup>1</sup> US dollar share price of Methanex Corporation as quoted on the NASDAQ Global Market on the last trading day of the respective period.

For all periods presented, the mark-to-market impact on share-based compensation is primarily due to changes in the Methanex Corporation share price.

#### Depreciation and Amortization

Depreciation and amortization was \$62 million for the third quarter of 2016 compared with \$58 million for the second quarter of 2016 and \$51 million for the third quarter of 2015. For the nine months ended September 30, 2016 and the nine months ended September 30, 2015, depreciation and amortization was \$173 million and \$145 million, respectively. The increase in depreciation and amortization for the three and nine months ended September 30, 2016 compared with the same periods in 2015 is primarily due to higher sales volume of Methanex-produced methanol.

#### Finance Costs

(\$ millions)	Three Months Ended		Nine Months Ended	
	Sep 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Finance costs before capitalized interest	\$23	\$22	\$21	\$66
Less capitalized interest	—	—	(5 )	(15 )
Finance costs	\$23	\$22	\$16	\$66

Finance costs primarily relate to interest expense on the unsecured notes, limited recourse debt facilities and finance leases. The increase in finance costs for the three months ended September 30, 2016 compared to the three months ended June 30, 2016 is due to interest incurred relating to vessels treated as finance leases. Capitalized interest relates to interest costs capitalized for the Geismar project which was completed in 2015.

#### Finance Income and Other Expenses

(\$ millions)	Three Months Ended		Nine Months Ended	
	Sep 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Finance income and other expenses	\$2	-\$1	\$5	\$(6 )

The change in finance income and other expenses for all periods presented was primarily due to the impact of changes in foreign exchange rates.

METHANEX CORPORATION 2016 THIRD QUARTER PAGE 8  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Income Taxes

A summary of our income taxes for the third quarter of 2016 compared to the second quarter of 2016 is as follows:

(\$ millions except where noted)	Three months ended		Three months ended	
	September 30, 2016		June 30, 2016	
	Net Loss	Adjusted Net Loss	Net Loss	Adjusted Net Loss
Amount before income tax	\$ (25 )	\$ (7 )	\$ (8 )	\$ (43 )
Income tax recovery	10	6	1	12
	\$ (15 )	\$ (1 )	\$ (7 )	\$ (31 )
Effective tax rate	38 %	85 %	7 %	28 %

We earn the majority of our earnings in New Zealand, Trinidad, the United States, Egypt, Canada and Chile. In Trinidad and Chile, the statutory tax rate is 35%. The statutory rates in Canada and New Zealand are 26.5% and 28%, respectively. The United States statutory tax rate is 36% and the Egypt statutory tax rate is 22.5%. As the Atlas entity is accounted for using the equity method, any income taxes related to Atlas are included in earnings of associate and therefore excluded from total income taxes but included in the calculation of Adjusted net income.

The effective tax rate based on Adjusted net loss was 85% for the third quarter of 2016 compared to 28% for the second quarter of 2016. Adjusted net loss represents the amount that is attributable to Methanex shareholders and excludes the mark-to-market impact of share-based compensation and the impact of certain items associated with specific identified events. The effective tax rate differs from period to period depending on the source of earnings and the impact of foreign exchange fluctuations against the United States dollar on our tax balances. In periods with low income levels, the distribution of income and loss between jurisdictions can result in income tax rates that are not indicative of the longer term corporate tax rate.

## SUPPLY/DEMAND FUNDAMENTALS

## Demand

Methanol industry demand growth remains healthy. We estimate total methanol demand for the third quarter of 2016 was 16.8 million tonnes, which represents approximately 10% year-over-year growth from the third quarter of 2015. During the third quarter, traditional chemical demand growth (which accounts for approximately 55% of global methanol demand) was strong. We believe that growth in demand from traditional chemical applications is generally correlated to GDP and industrial production growth rates. Energy demand also demonstrated strong growth in the third quarter, led by methanol-to-olefins ("MTO") demand. MTO demand grew due to improving operating rates at existing facilities, reflecting a return from maintenance of certain facilities along with healthy profitability in the MTO value chain. We estimate demand from MTO plants represented approximately 16% of global demand in the third quarter. We continue to expect two other MTO plants to be completed in the coming months and a third plant to be completed in 2017. When operating at full rates, these new plants have the combined capacity to consume over 4.5 million tonnes of methanol annually. The future operating rates and methanol consumption at these facilities will depend on a number of factors, including pricing for their various final products and the impact of the olefin industry feedstock costs, including naphtha, on relative competitiveness.

## Supply

Industry supply moderated in the third quarter. Plant outages in the Middle East, South East Asia, and Trinidad, which occurred towards the end of the third quarter, contributed to tighter overall supply relative to the second quarter. With respect to capacity additions, OCI N.V. and Consolidated Energy Limited (through its subsidiary G2X Energy) have jointly invested in the Natgasoline project, a 1.8 million tonne plant under construction in Beaumont, Texas. There are a number of other projects under discussion in the United States, but we believe that there has been limited committed capital to date and no projects that we are aware of in the construction phase. In Iran, there are a number of plants at various stages of construction. We expect just over four million tonnes of capacity to come onstream in Iran within the next two years, however the start-up timing and future operating rates at these facilities will be dependent on various factors. To the end of 2017, we expect approximately three million tonnes of new capacity additions in China. Beyond 2017, we anticipate that new capacity additions in China will be modest due to an increasing degree of restrictions placed on new coal-based capacity additions in that country. We expect that production from new methanol capacity in China will be consumed domestically.

## Methanol Price

Methanol pricing improved in the third quarter of 2016. Rising China thermal coal prices put upward pressure on the industry cost curve, reducing coal producer margins. This, combined with healthy industry demand and industry outages supported higher global prices. Our average realized price in the third quarter of 2016 increased to \$236 per tonne from \$223 per tonne in the second quarter.

Methanex posted prices moved higher in October to \$293 per tonne and \$285 per tonne in North America and Asia Pacific, respectively, and the European quarterly posted price also moved higher for the fourth quarter of 2016 by €10 to €250 per tonne. We also recently announced November non-discounted posted prices for North America of \$319 per tonne and for Asia Pacific of \$310 per tonne, which is an increase from October of \$26 per tonne and \$25 per tonne, respectively. The methanol price will ultimately depend on the strength of the global economy, industry operating rates, global energy prices, new supply additions and the strength of global demand.

Methanex Non-Discounted Regional Posted Prices <sup>1</sup>

(US\$ per tonne) Oct 2016 Sep 2016 Aug 2016 Jul 2016

North America	293	276	266	266
Europe <sup>2</sup>	280	265	265	265
Asia Pacific	285	275	275	275

<sup>1</sup> Discounts from our posted prices are offered to customers based on

various factors.

<sup>2</sup> €250 for Q4 2016 (Q3 2016 – €240) converted to United States dollars.

METHANEX CORPORATION 2016 THIRD QUARTER PAGE 10  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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## LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities in the third quarter of 2016 were \$74 million compared with \$34 million for the second quarter of 2016 and \$134 million for the third quarter of 2015. Cash flows from operating activities for the nine month period ended September 30, 2016 were \$178 million compared with \$253 million for the same period in 2015. The changes in cash flows from operating activities resulted from changes in the following:

(\$ millions)	Q3 2016	Q3 2016	YTD Q3
	compared with Q2 2016	compared with Q3 2015	compared with YTD Q3 2015
Change in Adjusted EBITDA (attributable to Methanex shareholders)	\$ 36	\$ (21	)\$ (173 )
Deduct change in Adjusted EBITDA of associate	(5	)20	39
Dividends received from associate	3	(7	)(19 )
Cash flows attributable to non-controlling interests	1	(3	)(15 )
Non-cash working capital	27	(56	)19
Income taxes paid	4	7	39
Argentina gas settlement	(33	)—	33
Share-based payments	3	—	6
Other	4	—	(4 )
Increase (decrease) in cash flows from operating activities	\$ 40	\$ (60	)\$ (75 )

During the third quarter of 2016 we paid a quarterly dividend of \$0.275 per common share for a total of \$25 million.

We operate in a highly competitive commodity industry and believe it is appropriate to maintain a strong balance sheet and financial flexibility. At September 30, 2016, our cash balance was \$234 million. We invest our cash only in highly rated instruments that have maturities of three months or less to ensure preservation of capital and appropriate liquidity.

We have an undrawn committed revolving credit facility with a syndicate of highly rated financial institutions that expires in December 2019. Refer to note 5 of the Company's condensed consolidated interim financial statements for further discussion of the terms of the credit facility. We have obligations for principal repayment related to our Egypt limited recourse debt facilities, but no unsecured note maturities until 2019.

Certain conditions have not been met related to the Egypt limited recourse debt facilities, resulting in a restriction on shareholder distributions from the Egypt entity. As of September 30, 2016, the Egypt cash balance on a 100% ownership basis was \$50 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. Refer to note 5 of the Company's condensed consolidated interim financial statements for further details.

During the nine months ended September 30, 2016, the Company took delivery of six new ocean going vessels capable of running on methanol. The final vessel of seven is scheduled for delivery in November 2016. During the nine months ended September 30, 2016, we drew down \$65.7 million on our limited recourse debt facilities related to financing for two of the vessels. There are no further capital commitments related to vessels in 2016.

Our planned capital maintenance expenditure program directed towards maintenance, turnarounds and catalyst changes for existing operations, including our 63.1% share of Atlas, is currently estimated to be approximately \$100 million from October 1, 2016 to the end of 2017.

We believe we are well positioned to meet our financial and capital commitments and leverage a recovery in methanol prices to generate strong future cash flows.

METHANEX CORPORATION 2016 THIRD QUARTER PAGE 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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## CONTROLS AND PROCEDURES

During the third quarter of 2016, no changes were made in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## ADDITIONAL INFORMATION – SUPPLEMENTAL NON-GAAP MEASURES

In addition to providing measures prepared in accordance with International Financial Reporting Standards ("IFRS"), we present certain supplemental non-GAAP measures throughout this document. These are Adjusted EBITDA, Adjusted net income (loss), Adjusted net income (loss) per common share, Adjusted revenue and operating income (loss). These measures do not have any standardized meaning prescribed by generally accepted accounting principles ("GAAP") and therefore are unlikely to be comparable to similar measures presented by other companies. These supplemental non-GAAP measures are provided to assist readers in determining our ability to generate cash from operations and improve the comparability of our results from one period to another. We believe these measures are useful in assessing operating performance and liquidity of the Company's ongoing business on an overall basis. We also believe Adjusted EBITDA is frequently used by securities analysts and investors when comparing our results with those of other companies.

## Adjusted EBITDA (attributable to Methanex shareholders)

Adjusted EBITDA differs from the most comparable GAAP measure, net income (loss) attributable to Methanex shareholders, because it excludes the mark-to-market impact of share-based compensation, depreciation and amortization, Argentina gas settlement, gain on terminal services agreement, finance costs, finance income and other expenses and income taxes. Adjusted EBITDA includes an amount representing our 63.1% share of the Atlas facility and excludes the non-controlling shareholders' interests in entities which we control but do not fully own.

Adjusted EBITDA and Adjusted net income exclude the mark-to-market impact of share-based compensation related to the impact of changes in our share price on SARs, TSARs, deferred share units, restricted share units and performance share units. The mark-to-market impact related to share-based compensation that is excluded from Adjusted EBITDA and Adjusted net income is calculated as the difference between the grant-date value and the fair value recorded at each period-end. As share-based awards will be settled in future periods, the ultimate value of the units is unknown at the date of grant and therefore the grant-date value recognized in Adjusted EBITDA and Adjusted net income may differ from the total settlement cost.

The following table shows a reconciliation from net income (loss) attributable to Methanex shareholders to Adjusted EBITDA:

(\$ millions)	Three Months Ended			Nine Months Ended	
	Sep 30 2016	Jun 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Net income (loss) (attributable to Methanex shareholders)	\$(11)	\$(3)	\$78	\$(37)	\$191
Mark-to-market impact of share-based compensation	12	(8)	(67)	3	(49)
Depreciation and amortization	62	58	51	173	145
Argentina gas settlement	—	(33)	—	(33)	—
Gain related to the termination of a terminal services agreement	—	—	—	—	(65)
Finance costs	23	22	16	66	55
Finance income and other expenses	(2)	—	(1)	(5)	6
Income tax recovery	(10)	—	10	(20)	25
Earnings of associate adjustment <sup>1</sup>	10	11	18	29	41

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Non-controlling interests adjustment <sup>1</sup>	(10 )	(9 )	(10 )	(28 )	(28 )
Adjusted EBITDA (attributable to Methanex shareholders)	\$74	\$ 38	\$ 95	\$148	\$ 321

These adjustments represent depreciation and amortization, finance costs, finance income and other expenses and <sup>1</sup> income tax expense associated with our 63.1% interest in the Atlas methanol facility and the non-controlling interests.

METHANEX CORPORATION 2016 THIRD QUARTER PAGE 12  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Common Share

Adjusted net income (loss) and Adjusted net income (loss) per common share are non-GAAP measures because they exclude the mark-to-market impact of share-based compensation and the impact of certain items associated with specific identified events. The following table shows a reconciliation of net income (loss) attributable to Methanex shareholders to Adjusted net income (loss) and the calculation of Adjusted net income (loss) per common share:

(\$ millions except number of shares and per share amounts)	Three Months Ended			Nine Months Ended	
	Sep 30 2016	Jun 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Net income (loss) (attributable to Methanex shareholders)	\$(11 )	\$(3 )	\$ 78	\$(37 )	\$ 191
Mark-to-market impact of share-based compensation, net of tax	10	(7 )	(55 )	2	(39 )
Argentina gas settlement, net of tax	—	(21 )	—	(21 )	—
Gain related to the termination of a terminal services agreement, net of tax	—	—	—	—	(57 )
Adjusted net income (loss)	\$(1 )	\$(31 )	\$ 23	\$(56 )	\$ 95
Diluted weighted average shares outstanding (millions)	90	90	91	90	92
Adjusted net income (loss) per common share	\$(0.01)	\$(0.34)	\$ 0.26	\$(0.63)	\$ 1.04

## Adjusted Revenue (attributable to Methanex shareholders)

Adjusted revenue differs from the most comparable GAAP measure, revenue, because it excludes revenue relating to 50% of the Egypt methanol facility that we do not own and includes an amount representing our 63.1% share of Atlas revenue. It also includes commission earned on volume marketed on a commission basis related to both the 36.9% of the Atlas methanol facility and the 50% of the Egypt methanol facility that we do not own. A reconciliation from revenue to Adjusted revenue is as follows:

(\$ millions)	Three Months Ended			Nine Months Ended	
	Sep 30 2016	Jun 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Revenue	\$ 510	\$ 468	\$ 527	\$ 1,413	\$ 1,742
Methanex share of Atlas revenue <sup>1</sup>	47	36	97	117	229
Non-controlling interests' share of revenue <sup>1</sup>	(19 )	(8 )	—	(45 )	(23 )
Other adjustments	(1 )	—	(5 )	(2 )	(8 )
Adjusted revenue (attributable to Methanex shareholders)	\$ 537	\$ 496	\$ 619	\$ 1,483	\$ 1,940

<sup>1</sup> Excludes intercompany transactions with the Company.

## Operating Income (Loss)

Operating income (loss) is reconciled directly to a GAAP measure in our consolidated statements of income.





## QUARTERLY FINANCIAL DATA (UNAUDITED)

(\$ millions except per share amounts)	Three Months Ended			
	Sep 30 2016	Jun 30 2016	Mar 31 2016	Dec 31 2015
Revenue	\$510	\$ 468	\$ 435	\$ 484
Adjusted EBITDA	74	38	36	80
Net income (loss)	(11)	(3)	(23)	10
Adjusted net income (loss)	(1)	(31)	(24)	15
Basic net income (loss) per common share	(0.12)	(0.03)	(0.26)	0.10
Diluted net income (loss) per common share	(0.12)	(0.08)	(0.26)	0.10
Adjusted net income (loss) per common share	(0.01)	(0.34)	(0.27)	0.16

(\$ millions except per share amounts)	Three Months Ended			
	Sep 30 2015	Jun 30 2015	Mar 31 2015	Dec 31 2014
Revenue	\$527	\$ 638	\$ 577	\$ 733
Adjusted EBITDA	95	129	97	150
Net income	78	104	9	133
Adjusted net income	23	51	21	80
Basic net income per common share	0.87	1.15	0.09	1.43
Diluted net income per common share	0.54	1.15	0.09	1.11
Adjusted net income per common share	0.26	0.56	0.23	0.85

METHANEX CORPORATION 2016 THIRD QUARTER PAGE 14  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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## HOW WE ANALYZE OUR BUSINESS

Our operations consist of a single operating segment – the production and sale of methanol. We review our results of operations by analyzing changes in the components of Adjusted EBITDA (refer to Additional Information - Supplemental Non-GAAP Measures section on page 12 of the MD&A for a description of each non-GAAP measure and reconciliations to the most comparable GAAP measures).

The Company has used the terms Adjusted EBITDA, Adjusted net income, Adjusted net income per common share, Adjusted revenue and operating income throughout this document. These items are non-GAAP measures that do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. Refer to Additional Information - Supplemental Non-GAAP Measures section on page 12 of the MD&A for a description of each non-GAAP measure and reconciliations to the most comparable GAAP measures.

In addition to the methanol that we produce at our facilities, we also purchase and re-sell methanol produced by others and we sell methanol on a commission basis. We analyze the results of all methanol sales together, excluding commission sales volume. The key drivers of changes in Adjusted EBITDA are average realized price, cash costs and sales volume which are defined and calculated as follows:

**PRICE** The change in Adjusted EBITDA as a result of changes in average realized price is calculated as the difference from period to period in the selling price of methanol multiplied by the current period total methanol sales volume, excluding commission sales volume and Tolling Volume, plus the difference from period to period in commission revenue.

**CASH COSTS** The change in Adjusted EBITDA as a result of changes in cash costs is calculated as the difference from period to period in cash costs per tonne multiplied by the current period total methanol sales volume, excluding commission sales volume and Tolling Volume in the current period. The cash costs per tonne is the weighted average of the cash cost per tonne of Methanex-produced methanol and the cash cost per tonne of purchased methanol. The cash cost per tonne of Methanex-produced methanol includes absorbed fixed cash costs per tonne and variable cash costs per tonne. The cash cost per tonne of purchased methanol consists principally of the cost of methanol itself. In addition, the change in Adjusted EBITDA as a result of changes in cash costs includes the changes from period to period in unabsorbed fixed production costs, consolidated selling, general and administrative expenses and fixed storage and handling costs.

**SALES VOLUME** The change in Adjusted EBITDA as a result of changes in sales volume is calculated as the difference from period to period in total methanol sales volume, excluding commission sales volume and Tolling Volume, multiplied by the margin per tonne for the prior period. The margin per tonne for the prior period is the weighted average margin per tonne of Methanex-produced methanol and margin per tonne of purchased methanol. The margin per tonne for Methanex-produced methanol is calculated as the selling price per tonne of methanol less absorbed fixed cash costs per tonne and variable cash costs per tonne. The margin per tonne for purchased methanol is calculated as the selling price per tonne of methanol less the cost of purchased methanol per tonne.

We own 63.1% of the Atlas methanol facility and market the remaining 36.9% of its production through a commission offtake agreement. A contractual agreement between us and our partners establishes joint control over Atlas. As a result, we account for this investment using the equity method of accounting, which results in 63.1% of the net assets and net earnings of Atlas being presented separately in the consolidated statements of financial position and consolidated statements of income, respectively. For purposes of analyzing our business, Adjusted EBITDA, Adjusted

net income, Adjusted net income per common share and Adjusted revenue include an amount representing our 63.1% equity share in Atlas.

We own 50% of the 1.26 million tonne per year Egypt methanol facility and market the remaining 50% of its production through a commission offtake agreement. We account for this investment using consolidation accounting, which results in 100% of the revenues and expenses being included in our financial statements. We also consolidate less than wholly-owned entities for which we have a controlling interest. Non-controlling interests are included in the Company's consolidated financial statements and represent the non-controlling shareholders' interests in the Egypt methanol facility and any entity where we have control. For purposes of analyzing our business, Adjusted EBITDA, Adjusted net income, Adjusted net income per common share and Adjusted revenue exclude the amounts associated with non-controlling interests.

METHANEX CORPORATION 2016 THIRD QUARTER PAGE 15  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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## FORWARD-LOOKING INFORMATION WARNING

This Third Quarter 2016 Management's Discussion and Analysis ("MD&A") as well as comments made during the Third Quarter 2016 investor conference call contain forward-looking statements with respect to us and our industry. These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. Statements that include the words "believes," "expects," "may," "will," "should," "potential," "estimates," "anticipates," "aim," "goal" 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 or restart of idled capacity and timing for start-up of the same,
- expected shutdowns (either temporary or permanent) or restarts of existing methanol supply (including our own facilities), including, without limitation, the timing and length of planned maintenance outages,
- expected methanol and energy prices,
- expected levels of methanol purchases from traders or other third parties,
- expected levels, timing and availability of economically priced natural gas supply to each of our plants,
- capital committed by third parties towards future natural gas exploration and development in the vicinity of our plants,
- our expected capital expenditures,
- anticipated operating rates of our plants,
- expected operating costs, including natural gas feedstock costs and logistics costs,
- expected tax rates or resolutions to tax disputes,
- expected cash flows, earnings capability and share price,
- availability of committed credit facilities and other financing,
- our ability to meet covenants or obtain or continue to obtain waivers associated with our long-term debt obligations, including, without limitation, the Egypt limited recourse debt facilities that have conditions associated with the payment of cash or other distributions and the finalization of certain land title registrations and related mortgages which require actions by Egyptian governmental entities,
- expected impact on our results of operations in Egypt or our financial condition as a consequence of civil unrest or actions taken or inaction by Egyptian governmental entities,
- our shareholder distribution strategy and anticipated distributions to shareholders,
- commercial viability and timing of, or our ability to execute, future projects, plant restarts, capacity expansions, plant relocations or other business initiatives or opportunities,
- our 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, and
- expected actions of governments, government agencies, gas suppliers, courts, tribunals or other third parties.

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:

the supply of, demand for and price of methanol, methanol derivatives, natural gas, coal, oil and oil derivatives,  
our ability to procure natural gas feedstock on commercially acceptable terms,  
operating rates of our facilities,

METHANEX CORPORATION 2016 THIRD QUARTER PAGE 16  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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- receipt or issuance of third-party consents or approvals, including, without limitation, governmental registrations of land title and related mortgages in Egypt and governmental approvals related to rights to purchase natural gas,
- 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,
- the availability of committed credit facilities and other financing,

global and regional economic activity (including industrial production levels),

- absence of a material negative impact from major natural disasters,
- absence of a material negative impact from changes in laws or regulations,
- absence of a 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, natural gas and other 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 the supply, demand and price for methanol and its derivatives, including demand for methanol for energy uses,
- the price of natural gas, coal, oil and oil derivatives,
- our ability to obtain natural gas feedstock on commercially acceptable terms to underpin current operations and future production growth opportunities,
- the ability to carry out corporate initiatives and strategies,
- actions of competitors, suppliers and financial institutions,
- conditions within the natural gas delivery systems that may prevent delivery of our natural gas supply requirements,

competing demand for natural gas, especially with respect to domestic needs for gas and electricity in Chile and Egypt,

- actions of governments and governmental authorities, including, without limitation, implementation of policies or other measures that could impact the supply of 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 2015 Annual Management's Discussion and Analysis and this Third Quarter 2016 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 implied by forward-looking statements may not occur and we do not undertake to update forward-looking statements except as required by applicable securities laws.





## 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 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Revenue	\$510,094	\$527,000	\$1,412,840	\$1,741,538
Cost of sales and operating expenses	(460,441 )	(394,062 )	(1,294,263 )	(1,421,778 )
Depreciation and amortization	(61,177 )	(50,492 )	(172,650 )	(144,932 )
Argentina gas settlement	—	—	32,500	—
Gain on termination of terminal services agreement	—	—	—	65,000
Operating income (loss)	(11,524 )	82,446	(21,573 )	239,828
Earnings of associate (note 4)	8,268	20,313	10,355	37,202
Finance costs (note 6)	(23,389 )	(16,211 )	(66,248 )	(54,978 )
Finance income and other expenses	1,607	918	4,595	(5,650 )
Income (loss) before income taxes	(25,038 )	87,466	(72,871 )	216,402
Income tax recovery (expense):				
Current	(13,337 )	4,973	(39,666 )	(3,532 )
Deferred	22,881	(15,189 )	59,430	(21,281 )
Net income (loss)	9,544	(10,216 )	19,764	(24,813 )
Net income (loss)	\$(15,494 )	\$77,250	\$(53,107 )	\$191,589
Attributable to:				
Methanex Corporation shareholders	\$(11,112 )	\$78,073	\$(37,387 )	\$191,307
Non-controlling interests	(4,382 )	(823 )	(15,720 )	282
	\$(15,494 )	\$77,250	\$(53,107 )	\$191,589
Income (loss) per common share for the period attributable to Methanex Corporation shareholders				
Basic net income (loss) per common share	\$(0.12 )	\$0.87	\$(0.42 )	