Methanex Corporation

Consolidated Statements of Income *(unaudited)*

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

	Three Months Ended		Six Months Ended	
	Jun 30 2019	Jun 30 2018	**Jun 30 2019**	Jun 30 2018
Revenue	**$ 734,365**	$ 949,946	**$ 1,476,124**	$ 1,911,771
Cost of sales and operating expenses	**(576,302)**	(711,668)	**(1,166,622)**	(1,372,233)
Depreciation and amortization	**(85,637)**	(62,748)	**(170,956)**	(121,920)
Operating income	**72,426**	175,530	**138,546**	417,618
Earnings of associate (note 5)	**11,109**	18,836	**29,163**	39,298
Finance costs	**(29,579)**	(23,771)	**(57,999)**	(47,951)
Finance income and other expenses	**1,399**	(2,239)	**1,317**	1,410
Income before income taxes	**55,355**	168,356	**111,027**	410,375
Income tax (expense) recovery:				
Current	**(9,938)**	(17,657)	**(30,401)**	(50,645)
Deferred	**3,971**	(15,204)	**15,113**	(26,928)
	(5,967)	(32,861)	**(15,288)**	(77,573)
Net income	**$ 49,388**	$ 135,495	**$ 95,739**	$ 332,802
Attributable to:				
Methanex Corporation shareholders	**$ 50,235**	$ 111,366	**$ 88,699**	$ 280,049
Non-controlling interests	**(847)**	24,129	**7,040**	52,753
	$ 49,388	$ 135,495	**$ 95,739**	$ 332,802

Income per common share for the period attributable to Methanex Corporation shareholders				
Basic net income per common share	**$ 0.65**	$ 1.36	**$ 1.15**	$ 3.39
Diluted net income per common share (note 7)	**$ 0.51**	$ 1.36	**$ 1.09**	$ 3.38

Weighted average number of common shares outstanding (note 7)	**76,746,080**	81,663,627	**76,997,554**	82,669,196
Diluted weighted average number of common shares outstanding (note 7)	**76,883,889**	81,737,585	**77,183,984**	82,739,559

See accompanying notes to condensed consolidated interim financial statements.

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

	Three Months Ended		Six Months Ended	
	Jun 30 2019	Jun 30 2018	**Jun 30 2019**	Jun 30 2018
Net income	**$ 49,388**	$ 135,495	**$ 95,739**	$ 332,802
Other comprehensive income (loss):				
Items that may be reclassified to income:				
Change in fair value of cash flow hedges (note 10)	**(41,973)**	11,583	**(82,130)**	(13,428)
Forward element excluded from hedging relationships (note 10)	**23,017**	(24,165)	**67,570**	1,966
Items that will not be reclassified to income:				
Actuarial gain on defined benefit pension plans	**—**	—	**—**	845
Taxes on above items	**4,409**	2,926	**3,308**	2,410
	(14,547)	(9,656)	**(11,252)**	(8,207)
Comprehensive income	**$ 34,841**	$ 125,839	**$ 84,487**	$ 324,595
Attributable to:				
Methanex Corporation shareholders	**$ 35,688**	$ 101,710	**$ 77,447**	$ 271,842
Non-controlling interests	**(847)**	24,129	**7,040**	52,753
	$ 34,841	$ 125,839	**$ 84,487**	$ 324,595

See accompanying notes to condensed consolidated interim financial statements.

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

AS AT		Jun 30 2019		Dec 31 2018
ASSETS				
Current assets:				
Cash and cash equivalents	$	**227,969**	$	256,077
Trade and other receivables		**468,818**		514,568
Inventories (note 2)		**361,850**		387,959
Prepaid expenses		**32,599**		32,541
Other assets (note 3)		**33,424**		60,931
		1,124,660		1,252,076
Non-current assets:				
Property, plant and equipment (note 4)		**3,453,247**		3,025,095
Investment in associate (note 5)		**183,038**		197,821
Deferred income tax assets		**71,677**		59,532
Other assets (note 3)		**69,483**		74,475
		3,777,445		3,356,923
	$	**4,902,105**	$	4,608,999
LIABILITIES AND EQUITY				
Current liabilities:				
Trade, other payables and accrued liabilities	$	**575,441**	$	617,414
Current maturities on long-term debt (note 6)		**387,770**		383,793
Current maturities on lease liabilities		**89,569**		12,347
Current maturities on other long-term liabilities		**24,143**		33,799
		1,076,923		1,047,353
Non-current liabilities:				
Long-term debt (note 6)		**1,055,662**		1,074,493
Lease liabilities		**544,869**		187,413
Other long-term liabilities		**215,675**		210,685
Deferred income tax liabilities		**270,128**		281,214
		2,086,334		1,753,805
Equity:				
Capital stock		**440,472**		446,544
Contributed surplus		**1,688**		1,597
Retained earnings		**1,098,485**		1,145,476
Accumulated other comprehensive loss		**(92,115)**		(82,404)
Shareholders' equity		**1,448,530**		1,511,213
Non-controlling interests		**290,318**		296,628
Total equity		**1,738,848**		1,807,841
	$	**4,902,105**	$	4,608,999

Subsequent events (note 6)

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 Loss	Shareholders Equity	Non-Controlling Interests	Total Equity
Balance, December 31, 2017	83,770,254	$480,331	$2,124	$1,088,150	$(69,841)	1,500,764	$244,347	$1,745,111
Net income	—	—	—	280,049	—	280,049	52,753	332,802
Other comprehensive income	—	—	—	548	(8,755)	(8,207)	—	(8,207)
Compensation expense recorded for stock options	—	—	200	—	—	200	—	200
Issue of shares on exercise of stock options	36,890	1,314	—	—	—	1,314	—	1,314
Reclassification of grant date fair value on exercise of stock options	—	379	(379)	—	—	—	—	—
Payments for repurchase of shares	(3,850,000)	(22,096)	—	(230,548)	—	(252,644)	—	(252,644)
Dividend payments to Methanex Corporation shareholders	—	—	—	(54,195)	—	(54,195)	—	(54,195)
Distributions made and accrued to non-controlling interests	—	—	—	—	—	—	(16,337)	(16,337)
Equity contributions by non-controlling interests	—	—	—	—	—	—	—	—
Balance, June 30, 2018	79,957,144	$459,928	$1,945	$1,084,004	$(78,596)	$1,467,281	$280,763	$1,748,044
Net income	—	—	—	288,933	—	288,933	36,249	325,182
Other comprehensive income (loss)	—	—	—	1	(3,808)	(3,807)	—	(3,807)
Compensation expense recorded for stock options	—	—	162	—	—	162	—	162
Issue of shares on exercise of stock options	46,224	1,896	—	—	—	1,896	—	1,896
Reclassification of grant date fair value on exercise of stock options	—	510	(510)	—	—	—	—	—
Payments for repurchase of shares	(2,740,095)	(15,790)	—	(175,981)	—	(191,771)	—	(191,771)
Dividend payments to Methanex Corporation shareholders	—	—	—	(51,481)	—	(51,481)	—	(51,481)
Distributions made and accrued to non-controlling interests	—	—	—	—	—	—	(20,384)	(20,384)
Equity contributions by non-controlling interests	—	—	—	—	—	—	—	—
Balance, December 31, 2018	77,263,273	$446,544	$1,597	$1,145,476	$(82,404)	$1,511,213	$296,628	$1,807,841
Net income	**—**	**—**	**—**	**88,699**	**—**	**88,699**	**7,040**	**95,739**
Other comprehensive income (loss)	**—**	**—**	**—**	**(1,541)**	**(9,711)**	**(11,252)**	**—**	**(11,252)**
Compensation expense recorded for stock options	**—**	**—**	**117**	**—**	**—**	**117**	**—**	**117**
Issue of shares on exercise of stock options	**2,700**	**86**	**—**	**—**	**—**	**86**	**—**	**86**
Reclassification of grant date fair value on exercise of stock options	**—**	**26**	**(26)**	**—**	**—**	**—**	**—**	**—**
Payment for shares repurchased	**(1,069,893)**	**(6,184)**	**—**	**(46,621)**	**—**	**(52,805)**	**—**	**(52,805)**
Dividend payments to Methanex Corporation shareholders	**—**	**—**	**—**	**(53,015)**	**—**	**(53,015)**	**—**	**(53,015)**
Distributions made and accrued to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**(9,995)**	**(9,995)**
Impact of adoption of IFRS 16	**—**	**—**	**—**	**(34,513)**	**—**	**(34,513)**	**(3,355)**	**(37,868)**
Balance, June 30, 2019	**76,196,080**	**$440,472**	**$1,688**	**$1,098,485**	**$(92,115)**	**$1,448,530**	**$290,318**	**$1,738,848**

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		Six Months Ended	
	Jun 30 2019	Jun 30 2018	**Jun 30 2019**	Jun 30 2018
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES				
Net income	**$ 49,388**	$ 135,495	**$ 95,739**	$ 332,802
Deduct earnings of associate	**(11,109)**	(18,836)	**(29,163)**	(39,298)
Dividends received from associate	**7,572**	15,775	**43,539**	34,707
Add (deduct) non-cash items:				
Depreciation and amortization	**85,637**	62,748	**170,956**	121,920
Income tax expense	**5,967**	32,861	**15,288**	77,573
Share-based compensation expense	**(23,942)**	42,718	**3,860**	48,583
Finance costs	**29,579**	23,771	**57,999**	47,951
Other	**1,278**	(568)	**1,792**	546
Income taxes paid	**(13,515)**	(44,516)	**(39,638)**	(57,838)
Other cash payments, including share-based compensation	**(10,028)**	(21,824)	**(31,133)**	(38,713)
Cash flows from operating activities before undernoted	**120,827**	227,624	**289,239**	528,233
Changes in non-cash working capital (note 9)	**(4,080)**	62,120	**40,745**	6,134
	116,747	289,744	**329,984**	534,367
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Payments for repurchase of shares	**(47,049)**	(214,688)	**(52,805)**	(252,644)
Dividend payments to Methanex Corporation shareholders	**(27,517)**	(26,584)	**(53,015)**	(54,195)
Interest paid	**(35,789)**	(29,358)	**(54,041)**	(43,929)
Repayment of long-term debt and financing fees	**(1,531)**	(2,088)	**(16,668)**	(90,639)
Repayment of lease obligation	**(21,392)**	(1,992)	**(46,326)**	(4,180)
Restricted cash for debt service accounts	**—**	(95)	**(100)**	(390)
Distributions to non-controlling interests	**(320)**	(2,658)	**(21,620)**	(33,908)
Proceeds on issue of shares on exercise of stock options	**—**	851	**86**	1,314
Proceeds from other limited recourse debt	**—**	—	**—**	86,000
Changes in non-cash working capital related to financing activities (note 9)	**1,780**	1,044	**1,780**	7,027
	(131,818)	(275,568)	**(242,709)**	(385,544)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES				
Property, plant and equipment	**(66,408)**	(78,874)	**(155,055)**	(134,695)
Restricted cash for capital projects	**33,440**	18,114	**36,527**	(64,300)
Changes in non-cash working capital related to investing activities (note 9)	**(9,100)**	(4,201)	**3,145**	(5,053)
	(42,068)	(64,961)	**(115,383)**	(204,048)
Increase (decrease) in cash and cash equivalents	**(57,139)**	(50,785)	**(28,108)**	(55,225)
Cash and cash equivalents, beginning of period	**285,108**	371,039	**256,077**	375,479
Cash and cash equivalents, end of period	**$ 227,969**	$ 320,254	**$ 227,969**	$ 320,254

See accompanying notes to condensed consolidated interim financial statements.

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 except for the adoption of IFRS 16 as described in our condensed consolidated interim financial statements for the three months ended March 31, 2019.

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 July 31, 2019.

These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2018.

Adoption of IFRS 16 "Leases"

The Company adopted IFRS 16, Leases ("IFRS 16" or "the standard") as issued by the IASB in 2016, 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 previous 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.

The Company transitioned to IFRS 16 in accordance with the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. The modified retrospective approach does not require restatement of comparative periods. As part of the initial application of IFRS 16, the Company has elected to use hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to IFRS 16, the Company recognized $411 million of lease assets and $453 million of lease liabilities, with the difference of $42 million ($38 million net of tax), recorded as an adjustment in equity. When measuring operating lease commitments, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 4.4%. The following reconciliation to the opening balance for lease liabilities as at January 1, 2019 is based upon the operating lease commitments as at December 31, 2018:

		Jan 1 2019
Operating lease commitments at December 31, 2018	$	427,289
Discounted using the incremental borrowing rate at January 1, 2019		4.4%
Finance lease liabilities recognized as at December 31, 2018	$	358,440
Recognition exemption for:		
Short-term leases		(777)
Leases of low-value assets		(8)
Extension and termination options reasonably certain to be exercised		75,753
Scope changes due to IFRS 16		18,880
Other		594
Lease liabilities at January 1, 2019	$	452,882

The Company has updated its accounting policy for leasing to reflect the adoption of IFRS 16 as detailed below.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is assessed for impairment losses, should a trigger be identified and adjusted for impairment if required.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and lease of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, except for terminal and vessel leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Critical accounting estimates and judgments

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed upon a trigger by a significant event or a significant change in circumstances.

Certain leases contain non-lease components, excluded from the right-of-use asset and lease liability, related to operating charges for ocean vessels and terminal facilities. Judgment is applied in determination of the stand-alone price of the lease and non-lease components.

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 six month periods ended June 30, 2019 is $556 million (2018 - $646 million) and $1,126 million (2018 - $1,289 million), respectively.

3. Other assets:

As at June 30, 2019, the Company holds $33.4 million (December 31, 2018 - $66.5 million) in cash and short-term, highly liquid investments held under restricted terms. The entire balance (December 31, 2018 - $60.9 million) has been recorded as current as it is expected to be spent within one year. Use of the funds is primarily restricted for the construction of certain vessels, certain capital projects and funding of a debt service account.

4. Property, plant and equipment:

		Owned Assets (a)		Right-of-use assets (b)		Total
Net book value at June 30, 2019	**$**	**2,899,182**	**$**	**554,065**	**$**	**3,453,247**
Net book value at December 31, 2018	$	2,857,266	$	167,829	$	3,025,095

a) Owned assets

		Buildings, Plant Installations & Machinery		Ocean Going Vessels		Other		Total
Cost at June 30, 2019	**$**	**4,765,085**	**$**	**197,628**	**$**	**210,619**	**$**	**5,173,332**
Accumulated depreciation at June 30, 2019		**2,124,597**		**31,061**		**118,492**		**2,274,150**
Net book value at June 30, 2019	**$**	**2,640,488**	**$**	**166,567**	**$**	**92,127**	**$**	**2,899,182**
Cost at December 31, 2018	$	4,698,142	$	183,419	$	189,058	$	5,070,619
Accumulated depreciation at December 31, 2018		2,047,735		48,426		117,192		2,213,353
Net book value at December 31, 2018	$	2,650,407	$	134,993	$	71,866	$	2,857,266

Subsequent to the quarter, the Company reached a final investment decision to construct a 1.8 million tonne facility in Geismar, Louisiana adjacent to its Geismar 1 and Geismar 2 facilities. The cost of the project is expected to be between $1.3 to $1.4 billion including costs of approximately $60 million incurred to date included in other.

b) Right-of-use (leased) assets

	Ocean Going Vessels	Terminals and Tanks	Plant Installations and Machinery	Other	Total
Cost at June 30, 2019	**$ 392,620**	**$ 212,668**	**$ 19,943**	**$ 33,717**	**$ 658,948**
Accumulated depreciation at June 30, 2019	**50,960**	**44,301**	**6,590**	**3,032**	**104,883**
Net book value at June 30, 2019	**$ 341,660**	**$ 168,367**	**$ 13,353**	**$ 30,685**	**$ 554,065**
Cost at December 31, 2018	$ 87,800	$ 113,978	$ 16,032	$ —	$ 217,810
Accumulated depreciation at December 31, 2018	15,204	29,333	5,444	—	49,981
Net book value at December 31, 2018	$ 72,596	$ 84,645	$ 10,588	$ —	$ 167,829
Cost at January 1, 2019	$ 370,654	$ 207,721	$ 19,705	$ 30,399	$ 628,479
Accumulated depreciation at January 1, 2019	15,204	29,333	5,344	—	49,881
Net book value at January 1, 2019	$ 355,450	$ 178,388	$ 14,361	$ 30,399	$ 578,598

5. Interest in Atlas joint venture:

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

Statements of financial position	Jun 30 2019	Dec 31 2018
Cash and cash equivalents	**$ 23,967**	$ 9,367
Other current assets	**78,216**	104,742
Non-current assets	**241,341**	255,822
Current liabilities	**(31,954)**	(32,022)
Other long-term liabilities, including current maturities	**(142,448)**	(145,359)
Net assets at 100%	**$ 169,122**	$ 192,550
Net assets at 63.1%	**$ 106,716**	$ 121,499
Long-term receivable from Atlas	**76,322**	76,322
Investment in associate	**$ 183,038**	$ 197,821

	Three Months Ended		Six Months Ended	
Statements of income	**Jun 30 2019**	Jun 30 2018	**Jun 30 2019**	Jun 30 2018
Revenue	**$ 93,762**	$ 129,377	**$ 196,329**	$ 262,100
Cost of sales and depreciation and amortization	**(63,254)**	(79,444)	**(118,331)**	(159,360)
Operating income	**30,508**	49,933	**77,998**	102,740
Finance costs, finance income and other expenses	**(3,232)**	(3,047)	**(5,778)**	(5,638)
Income tax expense	**(9,671)**	(17,035)	**(26,003)**	(34,823)
Net earnings at 100%	**$ 17,605**	$ 29,851	**$ 46,217**	$ 62,279
Earnings of associate at 63.1%	**$ 11,109**	$ 18,836	**$ 29,163**	$ 39,298
Dividends received from associate	**$ 7,572**	$ 15,775	**$ 43,539**	$ 34,707

b) Contingent liability:

The Board of Inland Revenue of Trinidad and Tobago has audited and issued assessments against Atlas in respect of the 2005 to 2012 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 with affiliates that commenced in 2005 and continue through 2019. The long-term fixed-price sales contracts with affiliates were established as part of the formation of Atlas and management believes were reflective of market considerations at that time. Atlas had partial relief from corporation income tax until late July 2014.

During the periods under assessment and continuing through 2014, approximately 50% of Atlas produced methanol was sold under these fixed-price contracts. From late 2014 through 2019 fixed-price sales represent approximately 10% of Atlas produced methanol.

The Company believes it is impractical to disclose a reasonable estimate of the potential contingent liability due to the wide range of assumptions and interpretations implicit in the assessments.

The Company has lodged objections to the assessments. No deposits have been required to lodge objections. Based on the merits of the cases and advice from legal counsel, the Company believes its position should be sustained, that Atlas has filed its tax returns and paid applicable taxes in compliance with Trinidadian tax law, and as such has not accrued for any amounts relating to these assessments. Contingencies inherently involve the exercise of significant judgment, and as such the outcomes of these assessments and the financial impact to the Company could be material.

The Company anticipates the resolution of this matter in the court system to be lengthy and, at this time, cannot predict a date as to when this matter is expected to be resolved.

6. Long-term debt:

As at	Jun 30 2019	Dec 31 2018
Unsecured notes		
$350 million at 3.25% due December 15, 2019	**$ 349,523**	$ 349,026
$250 million at 5.25% due March 1, 2022	**248,693**	248,480
$300 million at 4.25% due December 1, 2024	**297,418**	297,232
$300 million at 5.65% due December 1, 2044	**295,278**	295,238
	1,190,912	1,189,976
Egypt limited recourse debt facilities	**88,453**	101,226
Other limited recourse debt facilities	**164,067**	167,084
Total long-term debt [1]	**1,443,432**	1,458,286
Less current maturities [1]	**(387,770)**	(383,793)
	$ 1,055,662	$ 1,074,493

[1] Long-term debt and current maturities are presented net of deferred financing fees.

During the quarter ended June 30, 2019, the Company made repayments of $1.5 million on its other limited recourse debt facilities. Other limited recourse debt facilities relate to financing for certain of our ocean going vessels which we own through less than wholly-owned entities under the Company's control.

Subsequent to the quarter, the Company renewed and extended its $300 million committed revolving credit facility with a syndicate of highly rated financial institutions that expires in July 2024. The Company also secured an additional $800 million non-revolving term facility for the construction of a methanol plant that is expected to cost $1.3 billion to $1.4 billion in Geismar, Louisiana adjacent to its existing Geismar 1 and Geismar 2 facilities ("G3 Project"). The new credit facility has a five-year term expiring July 2024.

Significant covenants and default provisions of the two facilities include:

a) the obligation to maintain an EBITDA to interest coverage ratio of greater than or equal to 2:1 calculated on a four-quarter trailing basis, where for only one quarter during the term of the credit facility the ratio can be as low as, but not less than 1.25:1, and a debt to capitalization ratio of less than or equal to 57.5%, both calculated in accordance with definitions in the credit agreement that include adjustment to 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 credit facilities also include other customary covenants including restrictions on the incurrence of additional indebtedness, restrictions against the sale or abandonment of the G3 Project, as well as requirements associated with completion of plant construction and commissioning by no later than July 2023.

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

The Egypt limited recourse debt facilities have covenants and default provisions that apply only to the Egypt entity, including restrictions on the incurrence of additional indebtedness and a requirement to fulfill certain conditions before the payment of cash or other shareholder distributions. Since 2015, certain conditions had not been met, resulting in a restriction on shareholder distributions from the Egypt entity. Under amended terms reached in 2017, shareholder distributions are permitted if the average gas deliveries over the prior 12 months are greater than 70% of gas nominations.

The Egypt limited recourse debt facilities contain covenants to complete certain mortgage registrations. The Company has sought and received waivers from lenders relating to these covenants until March 31, 2020. The Company does not believe that the finalization of these mortgage registrations are material. Whilst these covenants have been waived multiple times by the lenders, and circumstances have not materially changed, the Company cannot provide assurance that we will be able to obtain future waivers from the lenders.

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 June 30, 2019, management believes the Company was in compliance with all significant terms and default provisions related to long-term debt obligations.

7. Net income per common share:

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

Outstanding TSARs may be settled in cash or common shares at the holder's option and for purposes of calculating diluted net income per common share, the more dilutive of the cash-settled and equity-settled method is used, regardless of how the plan is accounted for. Accordingly, TSARs that are accounted for using the cash-settled method will require adjustments to the numerator and denominator if the equity-settled method is determined to have a dilutive effect on diluted net income per common share as compared to the cash-settled method. The equity-settled method was more dilutive for the three and six month periods ended June 30, 2019, and an adjustment was required for both the numerator and the denominator. For the three and six month periods ended June 30, 2018 the cash-settled method was more dilutive and no adjustment was required for both the numerator and 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 six month periods ended June 30, 2019 and June 30, 2018, stock options were considered dilutive, resulting in an adjustment to the denominator in both periods.

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

	Three Months Ended		Six Months Ended	
	Jun 30 2019	Jun 30 2018	**Jun 30 2019**	Jun 30 2018
Numerator for basic net income per common share	**$ 50,235**	111,366	**$ 88,699**	280,049
Adjustment for the effect of TSARs:				
Cash-settled expense included in net income	**(9,207)**	—	**(1,083)**	—
Equity-settled expense	**(1,873)**	—	**(3,838)**	—
Numerator for basic and diluted net income per common share	**$ 39,155**	111,366	**$ 83,778**	280,049

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

	Three Months Ended		Six Months Ended	
	Jun 30 2019	Jun 30 2018	**Jun 30 2019**	Jun 30 2018
Denominator for basic net income per common share	**76,746,080**	81,663,627	**76,997,554**	82,669,196
Effect of dilutive stock options	**24,127**	73,958	**44,881**	70,363
Effect of dilutive TSARs	**113,682**	—	**141,549**	—
Denominator for diluted net income per common share	**76,883,889**	81,737,585	**77,183,984**	82,739,559

8. Share-based compensation:

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

(i) Outstanding units:

Information regarding units outstanding at June 30, 2019 is as follows:

	SARs		TSARs	
(per share amounts in USD)	Number of Units	Weighted Average Exercise Price	Number of Units	Weighted Average Exercise Price
Outstanding at December 31, 2018	896,883	$ 51.27	1,447,301	$ 51.24
Granted	29,320	57.60	272,860	57.60
Exercised	(32,361)	38.33	(41,602)	36.66
Cancelled	(9,834)	64.08	(12,734)	48.66
Outstanding at March 31, 2019	**884,008**	**$ 51.81**	**1,665,825**	**$ 52.66**
Granted	—	—	—	—
Exercised	(1,734)	34.59	(3,367)	42.97
Cancelled	(12,700)	48.80	(10,867)	50.99
Outstanding at June 30, 2019	**869,574**	**$ 51.89**	**1,651,591**	**$ 52.70**

	Stock Options	
(per share amounts in USD)	Number of Units	Weighted Average Exercise Price
Outstanding at December 31, 2018	198,221	$48.55
Granted	7,410	57.60
Exercised	(2,700)	31.73
Outstanding at March 31, 2019	**202,931**	**$ 49.11**
Granted	—	—
Exercised	—	—
Cancelled	—	—
Outstanding at June 30, 2019	**202,931**	**$49.11**

	Units Outstanding at June 30, 2019			Units Exercisable at June 30, 2019	
Range of Exercise Prices (per share amounts in USD)	Weighted Average Remaining Contractual Life (Years)	Number of Units Outstanding	Weighted Average Exercise Price	Number of Units Exercisable	Weighted Average Exercise Price
SARs:					
$25.97 to $35.51	**3.63**	**192,547**	**$34.51**	**192,547**	**$34.51**
$38.24 to $50.17	**3.44**	**195,384**	**46.47**	**144,063**	**45.15**
$54.65 to $78.59	**3.43**	**481,643**	**61.04**	**363,726**	**62.71**
	3.48	**869,574**	**$51.89**	**700,336**	**$51.34**
TSARs:					
$25.97 to $35.51	**3.67**	**309,637**	**$34.59**	**309,637**	**$34.59**
$38.24 to $50.17	**3.87**	**365,385**	**47.75**	**263,636**	**46.82**
$54.65 to $78.59	**4.54**	**976,569**	**60.28**	**487,807**	**63.79**
	4.23	**1,651,591**	**$52.70**	**1,061,080**	**$51.06**
Stock options:					
$25.97 to $35.51	**3.67**	**53,767**	**$34.59**	**53,767**	**$34.59**
$38.24 to $50.17	**2.51**	**57,754**	**43.70**	**48,551**	**42.47**
$54.65 to $78.59	**3.41**	**91,410**	**61.06**	**69,400**	**62.78**
	3.22	**202,931**	**$49.11**	**171,718**	**$48.21**

(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 June 30, 2019 was $15.1 million compared with the recorded liability of $14.0 million. The difference between the fair value and the recorded liability of $1.1 million will be recognized over the weighted average remaining vesting period of approximately 1.4 years. The weighted average fair value was estimated at June 30, 2019 using the Black-Scholes option pricing model.

For the three and six month periods ended June 30, 2019, compensation expense related to SARs and TSARs included a recovery in cost of sales and operating expenses of $14.9 million (2018 - $26.8 million) and $2.0 million (2018 - $29.3 million), respectively . This included a recovery of $16.8 million (2018 - $24.4 million) and $6.0 million (2018 - $24.4 million), respectively, related to the effect of the change in the Company's share price for the three and six month periods ended June 30, 2019.

(iii) Compensation expense related to stock options:

For the three and six month periods ended June 30, 2019, compensation expense related to stock options included in cost of sales and operating expenses was $0.1 million (2018 - $0.1 million) and $0.2 million (2018 - $0.2 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 (old plan and new plan):

Deferred, restricted and performance share units (old plan and new plan) outstanding at June 30, 2019 are as follows:

	Number of Deferred Share Units	Number of Restricted Share Units	Number of Performance Share Units (old plan)	Number of Performance Share Units (new plan)
Outstanding at December 31, 2018	209,092	17,361	579,778	—
Granted	8,577	74,520	—	134,930
Performance factor impact on redemption [1]	—	—	132,215	—
Granted in-lieu of dividends	985	529	1,784	777
Redeemed	(47,083)	—	(396,635)	—
Cancelled	—	—	(5,989)	—
Outstanding at March 31, 2019	171,571	92,410	311,153	135,707
Granted	**2,204**	**4,000**	**—**	**—**
Granted in-lieu of dividends	**965**	**680**	**2,367**	**1,068**
Redeemed	**(49,678)**	**(9,966)**	**—**	**—**
Cancelled	**—**	**(264)**	**(13,112)**	**(263)**
Outstanding at June 30, 2019	**125,062**	**86,860**	**300,408**	**136,512**

[1] Performance share units granted prior to 2019 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 June 30, 2019.

Performance share units granted in 2019 reflect a new long-term incentive plan. The performance share units granted under the new plan are redeemable for cash based on the market value of the Company's common shares and are non dilutive to shareholders. They vest over three years and include two performance factors: (i) relative total shareholder return of Methanex shares versus a specific market index (the market performance factor) and (ii) three year average Return on Capital Employed (the non-market performance factor). The market performance factor is measured by the Company at the grant date and reporting date using a Monte-Carlo simulation model to determine fair value. The non-market performance factor reflects management's best estimate to determine the expected number of units to vest. Based on these performance factors the performance share unit payout will range between 0% to 200%, with the first payout of the new performance share units in 2022.

Compensation expense for deferred, restricted and performance share units (old plan and new plan) 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 June 30, 2019 was $18.2 million compared with the recorded liability of $13.6 million. The difference between the fair value and the recorded liability of $4.6 million will be recognized over the weighted average remaining vesting period of approximately 2.2 years.

For the three and six month periods ended June 30, 2019, compensation expense related to deferred, restricted and performance share units (old plan and new plan) included in cost of sales and operating expenses was a recovery of $9.1 million (2018 - $15.8 million) and an expense of $5.8 million (2018 - $19.1 million), respectively. This included a recovery of $12.7 million (2018 - $14.1 million) and $1.3 million (2018 - $16.4 million), respectively, related to the effect of the change in the Company's share price for the three and six month periods ended June 30, 2019.

9. Changes in non-cash working capital:

Changes in non-cash working capital for the three and six month periods ended June 30, 2019 and 2018 were as follows:

	Three Months Ended		Six Months Ended	
	Jun 30 2019	Jun 30 2018	**Jun 30 2019**	Jun 30 2018
Changes in non-cash working capital:				
Trade and other receivables	**$ 7,305**	$ 27,071	**$ 45,750**	$ 178
Inventories	**(25,578)**	7,084	**26,109**	(45,378)
Prepaid expenses	**(4,473)**	2,160	**(58)**	2,054
Trade, other payables and accrued liabilities	**4,919**	(544)	**(41,973)**	28,695
	(17,827)	35,771	**29,828**	(14,451)
Adjustments for items not having a cash effect and working capital changes relating to taxes and interest paid	**6,427**	23,192	**15,842**	22,559
Changes in non-cash working capital having a cash effect	**$ (11,400)**	$ 58,963	**$ 45,670**	$ 8,108
These changes relate to the following activities:				
Operating	**$ (4,080)**	$ 62,120	**$ 40,745**	$ 6,134
Financing	**1,780**	1,044	**1,780**	7,027
Investing	**(9,100)**	(4,201)	**3,145**	(5,053)
Changes in non-cash working capital	**$ (11,400)**	$ 58,963	**$ 45,670**	$ 8,108

10. Financial instruments:

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

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

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

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

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

Natural gas forward contracts

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

During the quarter, the Company entered into a physical forward contract for the equivalent of approximately one-third of Geismar 3's natural gas requirements for delivery in 2026 to 2032, designated as a cash flow hedge, to manage its exposure to changes in natural gas prices for the Geismar facilities. This is in addition to its existing forward contracts for the Geismar 2 facility, all of which have been designated as cash flow hedges. Natural gas is fungible across the Geismar site. The Company has also entered into physical forward contracts to manage its exposure to changes in natural gas prices for the Medicine Hat facility. The Company has designated contracts for the 2021 and 2022 periods as cash flow hedges. 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.

Subsequent to the quarter end, the Company entered into a physical forward contract for the equivalent of approximately one-third of Geismar 3's natural gas requirements for delivery in 2023 to 2025 to further manage its exposure to changes in natural gas prices for the Geismar facilities. The contract has been designated as a cash flow hedge.

As at June 30, 2019, the Company had outstanding forward contracts in North America designated as cash flow hedges with a notional amount of $834 million (December 31, 2018 - $426 million) and a net negative fair value of $119.9 million (December 31, 2018 - negative fair value $105.7 million), of which $122.4 million is included in other long-term liabilities offset by $2.5 million included in other assets.

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 June 30, 2019, the Company had outstanding forward exchange contracts designated as cash flow hedges to sell a notional amount of 22 million euros (December 31, 2018 - 45 million euros). The euro contracts had a negative fair value of $0.2 million included in accounts payable (December 31, 2018 - 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 inflows (outflows) by term to maturity				
	1 year or less	1-3 years	3-5 years	More than 5 years	Total
Natural gas forward contracts	(13,871)	(39,616)	(40,135)	(41,651)	$ (135,273)
Euro forward exchange contracts	(232)	—	—	—	$ (232)

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

	June 30, 2019	
As at	Carrying Value	Fair Value
Long-term debt excluding deferred financing fees	$ 1,455,834	$ 1,469,337

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)*

	2019	Q2	Q1	2018	Q4	Q3	Q2	Q1
METHANOL SALES VOLUME								
(thousands of tonnes)								
Methanex-produced [1]	**3,590**	1,669	1,921	**7,002**	1,599	1,790	1,729	1,884
Purchased methanol	**1,189**	716	473	**3,032**	908	802	709	613
Commission sales [1]	**545**	216	329	**1,174**	245	279	329	321
	5,324	2,601	2,723	**11,208**	2,752	2,871	2,767	2,818
METHANOL PRODUCTION								
(thousands of tonnes)								
New Zealand	**883**	446	437	**1,606**	389	478	252	487
Geismar (Louisiana, USA)	**935**	530	405	**2,078**	527	520	518	513
Trinidad (Methanex interest)	**813**	384	429	**1,702**	448	353	442	459
Egypt (50% interest)	**156**	15	141	**613**	155	128	165	165
Medicine Hat (Canada)	**310**	155	155	**600**	160	144	143	153
Chile	**531**	290	241	**612**	206	112	128	166
	3,628	1,820	1,808	**7,211**	1,885	1,735	1,648	1,943
AVERAGE REALIZED METHANOL PRICE [2]								
($/tonne)	**329**	326	331	**405**	401	413	405	402
($/gallon)	**0.99**	0.98	1.00	**1.22**	1.21	1.24	1.22	1.21
ADJUSTED EBITDA [3]	**340**	146	194	**1,071**	197	293	275	306
PER SHARE INFORMATION [3] ($ per common share attributable to Methanex shareholders)								
Adjusted net income	**1.07**	0.34	0.73	**6.86**	1.15	1.92	1.75	2.03
Basic net income	**1.15**	0.65	0.50	**7.07**	2.07	1.62	1.36	2.02
Diluted net income	**1.09**	0.51	0.50	**6.92**	1.68	1.61	1.36	2.00

[1] 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"). No Tolling Volume has been produced in 2019. There were 48,000 MT of Tolling Volume in the second quarter of 2018 and 88,000 MT of Tolling Volume for the six months ended June 30, 2018.

[2] 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 and purchased methanol, but excluding Tolling Volume.

[3] The first and second quarter of 2019 reflects the adoption of IFRS 16. Financial information in all comparative periods do not reflect the impact of IFRS 16. Refer to the Adoption of New Accounting Standards section on page 14.