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)
	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)**	$ 2.10
Diluted net income (loss) per common share (note 7)	**$ (0.12)**	$ 0.54	**$ (0.42)**	$ 1.90
Weighted average number of common shares outstanding (note 7)	**89,800,458**	90,144,422	**89,772,093**	90,967,926
Diluted weighted average number of common shares outstanding (note 7)	**89,800,458**	90,692,425	**89,772,093**	91,755,493

See accompanying notes to condensed consolidated interim financial statements.

Methanex Corporation

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

(thousands of U.S. dollars)

	Three Months Ended		Nine Months Ended	
	Sep 30 2016	Sep 30 2015	**Sep 30 2016**	Sep 30 2015
Net income (loss)	**$ (15,494)**	$ 77,250	**$ (53,107)**	$ 191,589
Other comprehensive income (loss), net of taxes:				
Items that may be reclassified to income:				
Change in fair value of cash flow hedges (note 10)	**(1,134)**	(18,822)	**65,695**	(20,417)
Forward element excluded from hedging relationship (note 10)	**(25,370)**	(9,619)	**(89,607)**	(9,691)
Change in fair value of interest rate swap contracts	**—**	—	**—**	(12)
Realized loss on interest rate swap contracts reclassified to finance costs	**—**	—	**—**	3,205
Taxes on above items	**8,754**	9,420	**7,924**	8,992
	(17,750)	(19,021)	**(15,988)**	(17,923)
Comprehensive income (loss)	**$ (33,244)**	$ 58,229	**$ (69,095)**	$ 173,666
Attributable to:				
Methanex Corporation shareholders	**$ (28,862)**	$ 59,052	**$ (53,375)**	$ 172,266
Non-controlling interests	**(4,382)**	(823)	**(15,720)**	1,400
	$ (33,244)	$ 58,229	**$ (69,095)**	$ 173,666

See accompanying notes to condensed consolidated interim financial statements.

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

AS AT		Sep 30 2016		Dec 31 2015
ASSETS				
Current assets:				
Cash and cash equivalents	**$**	**233,677**	$	254,934
Trade and other receivables		**412,663**		504,350
Inventories (note 2)		**247,068**		253,234
Prepaid expenses		**20,454**		19,560
		913,862		1,032,078
Non-current assets:				
Property, plant and equipment (note 3)		**3,163,376**		3,158,782
Investment in associate (note 4)		**197,133**		224,165
Deferred income tax assets		**128,522**		61,881
Other assets		**79,884**		79,018
		3,568,915		3,523,846
	$	**4,482,777**	$	4,555,924
LIABILITIES AND EQUITY				
Current liabilities:				
Trade, other payables and accrued liabilities	**$**	**468,360**	$	508,639
Current maturities on long-term debt (note 5)		**53,977**		47,864
Current maturities on other long-term liabilities		**17,606**		25,439
		539,943		581,942
Non-current liabilities:				
Long-term debt (note 5)		**1,503,658**		1,488,026
Other long-term liabilities (note 3)		**343,833**		231,745
Deferred income tax liabilities		**286,286**		285,638
		2,133,777		2,005,409
Equity:				
Capital stock		**510,923**		509,464
Contributed surplus		**2,576**		2,426
Retained earnings		**1,124,171**		1,235,615
Accumulated other comprehensive loss		**(43,764)**		(27,776)
Shareholders' equity		**1,593,906**		1,719,729
Non-controlling interests		**215,151**		248,844
Total equity		**1,809,057**		1,968,573
	$	**4,482,777**	$	4,555,924

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, 2014	92,326,487	$ 521,022	$ 2,803	$1,262,961	$ (413)	$ 1,786,373	$ 266,844	$ 2,053,217
Net income	—	—	—	191,307	—	191,307	282	191,589
Other comprehensive income (loss)	—	—	—	—	(19,041)	(19,041)	1,118	(17,923)
Compensation expense recorded for stock options	—	—	598	—	—	598	—	598
Issue of shares on exercise of stock options	253,002	3,695	—	—	—	3,695	—	3,695
Reclassification of grant date fair value on exercise of stock options	—	1,041	(1,041)	—	—	—	—	—
Payments for repurchase of shares	(2,736,091)	(15,420)	—	(122,607)	—	(138,027)	—	(138,027)
Dividend payments to Methanex Corporation shareholders	—	—	—	(72,569)	—	(72,569)	—	(72,569)
Distributions made and accrued to non-controlling interests	—	—	—	—	—	—	(17,234)	(17,234)
Equity contributions by non-controlling interests	—	—	—	—	—	—	500	500
Balance, September 30, 2015	89,843,398	510,338	2,360	1,259,092	(19,454)	1,752,336	251,510	2,003,846
Net income	—	—	—	9,310	—	9,310	1,454	10,764
Other comprehensive loss	—	—	—	(1,063)	(8,322)	(9,385)	—	(9,385)
Compensation expense recorded for stock options	—	—	144	—	—	144	—	144
Issue of shares on exercise of stock options	37,800	232	—	—	—	232	—	232
Reclassification of grant date fair value on exercise of stock options	—	78	(78)	—	—	—	—	—
Payments for repurchase of shares	(210,000)	(1,184)	—	(7,072)	—	(8,256)	—	(8,256)
Dividend payments to Methanex Corporation shareholders	—	—	—	(24,652)	—	(24,652)	—	(24,652)
Distributions made and accrued to non-controlling interests	—	—	—	—	—	—	(5,320)	(5,320)
Equity contributions by non-controlling interests	—	—	—	—	—	—	1,200	1,200
Balance, December 31, 2015	89,671,198	509,464	2,426	1,235,615	(27,776)	1,719,729	248,844	1,968,573
Net loss	**—**	**—**	**—**	**(37,387)**	**—**	**(37,387)**	**(15,720)**	**(53,107)**
Other comprehensive loss	**—**	**—**	**—**	**—**	**(15,988)**	**(15,988)**	**—**	**(15,988)**
Compensation expense recorded for stock options	**—**	**—**	**509**	**—**	**—**	**509**	**—**	**509**
Issue of shares on exercise of stock options	**137,040**	**1,100**	**—**	**—**	**—**	**1,100**	**—**	**1,100**
Reclassification of grant date fair value on exercise of stock options	**—**	**359**	**(359)**	**—**	**—**	**—**	**—**	**—**
Dividend payments to Methanex Corporation shareholders	**—**	**—**	**—**	**(74,057)**	**—**	**(74,057)**	**—**	**(74,057)**
Distributions made and accrued to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**(18,498)**	**(18,498)**
Equity contributions by non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**525**	**525**
Balance, September 30, 2016	**89,808,238**	**$ 510,923**	**$ 2,576**	**$1,124,171**	**$ (43,764)**	**$ 1,593,906**	**$ 215,151**	**$ 1,809,057**

See accompanying notes to condensed consolidated interim financial statements.

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

	Three Months Ended		Nine Months Ended	
	Sep 30 2016	Sep 30 2015	**Sep 30 2016**	Sep 30 2015
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES				
Net income (loss)	**$ (15,494)**	$ 77,250	**$ (53,107)**	$ 191,589
Deduct earnings of associate	**(8,268)**	(20,313)	**(10,355)**	(37,202)
Dividends received from associate	**6,310**	12,620	**37,860**	56,790
Add (deduct) non-cash items:				
Depreciation and amortization	**61,177**	50,492	**172,650**	144,932
Income tax expense (recovery)	**(9,544)**	10,216	**(19,764)**	24,813
Share-based compensation expense (recovery)	**13,265**	(64,440)	**12,613**	(32,488)
Finance costs	**23,389**	16,211	**66,248**	54,978
Other	**429**	(146)	**2,558**	186
Income taxes (paid) refunded	**2,296**	(4,978)	**212**	(39,112)
Other cash payments, including share-based compensation	**(1,663)**	(880)	**(19,327)**	(15,051)
Cash flows from operating activities before undernoted	**71,897**	76,032	**189,588**	349,435
Changes in non-cash working capital (note 9)	**2,033**	57,749	**(11,883)**	(96,443)
	73,930	133,781	**177,705**	252,992
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Payments for repurchase of shares	**—**	(27,042)	**—**	(138,027)
Dividend payments to Methanex Corporation shareholders	**(24,658)**	(24,750)	**(74,057)**	(72,569)
Interest paid	**(12,637)**	(10,554)	**(51,373)**	(58,495)
Net proceeds on issue of long-term debt	**26,100**	—	**65,700**	—
Repayment of long-term debt	**(23,345)**	(21,430)	**(46,329)**	(193,083)
Finance leases	**(1,443)**	(772)	**(3,800)**	(3,330)
Equity contributions by non-controlling interests	**—**	200	**525**	500
Distributions to non-controlling interests	**(910)**	(1,660)	**(1,410)**	(2,570)
Proceeds on issue of shares on exercise of stock options	**302**	79	**1,100**	3,695
Changes in non-cash working capital related to financing activities (note 9)	**(5,934)**	(5,835)	**(17,088)**	(13,670)
	(42,525)	(91,764)	**(126,732)**	(477,549)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES				
Property, plant and equipment	**(28,331)**	(24,620)	**(89,638)**	(87,231)
Geismar plants under construction	**—**	(72,778)	**—**	(243,669)
Termination of terminal services agreement	**—**	—	**—**	65,000
Other assets	**—**	—	**(66)**	1,996
Changes in non-cash working capital related to investing activities (note 9)	**(8,367)**	(2,622)	**17,474**	(36,431)
	(36,698)	(100,020)	**(72,230)**	(300,335)
Decrease in cash and cash equivalents	**(5,293)**	(58,003)	**(21,257)**	(524,892)
Cash and cash equivalents, beginning of period	**238,970**	484,711	**254,934**	951,600
Cash and cash equivalents, end of period	**$ 233,677**	$ 426,708	**$ 233,677**	$ 426,708

See accompanying notes to condensed consolidated interim financial statements.

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

1. Basis of presentation:

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

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

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and were approved and authorized for issue by the Audit, Finance & Risk Committee of the Board of Directors on October 26, 2016.

These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2015.

Certain comparative figures in the consolidated statements of financial position have been reclassified to conform to the current period's presentation.

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 included in cost of sales and operating expenses and depreciation and amortization for the three and nine month periods ended September 30, 2016 is $439 million (2015 - $459 million) and $1,251 million (2015 - $1,421 million), respectively.

3. Property, plant and equipment:

	Buildings, Plant Installations & Machinery	Finance Leases	Other	Total
Cost at September 30, 2016	**$ 4,539,765**	**$ 206,260**	**$ 271,301**	**$ 5,017,326**
Accumulated depreciation at September 30, 2016	**1,702,130**	**14,565**	**137,255**	**1,853,950**
Net book value at September 30, 2016	**$ 2,837,635**	**$ 191,695**	**$ 134,046**	**$ 3,163,376**
Cost at December 31, 2015	$ 4,521,835	$ 121,849	$ 204,483	$ 4,848,167
Accumulated depreciation at December 31, 2015	1,545,834	6,853	136,698	1,689,385
Net book value at December 31, 2015	$ 2,976,001	$ 114,996	$ 67,785	$ 3,158,782

During the nine months ended September 30, 2016, the Company took delivery of four new ocean going vessels which are included in property, plant and equipment. Two of the vessels are accounted for as finance leases, with offsetting finance lease obligations recorded in other long-term liabilities, and two are owned through less than wholly-owned entities under the Company's control and included in "Other".

4. Interest in Atlas joint venture:

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

Consolidated statements of financial position as at		Sep 30 2016		Dec 31 2015
Cash and cash equivalents	$	6,978	$	57,620
Other current assets		46,438		45,854
Non-current assets		333,094		332,072
Current liabilities		(26,695)		(30,440)
Other long-term liabilities, including current maturities		(167,980)		(169,681)
Net assets at 100%		191,835		235,425
Net assets at 63.1%		121,048		148,553
Long-term receivable from Atlas		76,085		75,612
Investment in associate	$	197,133	$	224,165

	Three Months Ended				Nine Months Ended			
Consolidated statements of income		Sep 30 2016		Sep 30 2015		Sep 30 2016		Sep 30 2015
Revenue	$	80,247	$	95,285	$	148,224	$	277,919
Cost of sales and depreciation and amortization		(56,646)		(42,463)		(108,066)		(178,747)
Operating income		23,601		52,822		40,158		99,172
Finance costs, finance income and other expenses		(3,418)		(2,273)		(9,998)		(6,967)
Income tax expense		(7,080)		(18,358)		(13,750)		(33,248)
Net earnings at 100%		13,103		32,191		16,410		58,957
Earnings of associate at 63.1%		8,268		20,313		10,355		37,202
Dividends received from associate	$	6,310	$	12,620	$	37,860	$	56,790

b) Contingent liability:

The Board of Inland Revenue of Trinidad and Tobago has issued assessments against Atlas in respect of the 2005, 2006, 2007, 2008, and 2009 financial years. All subsequent tax years remain open to assessment. The assessments relate to the pricing arrangements of certain long-term fixed price sales contracts from 2005 to 2019 related to methanol produced by Atlas. Atlas had partial relief from corporation income tax until late July 2014.

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

5. Long-term debt:

As at	Sep 30 2016	Dec 31 2015
Unsecured notes		
$350 million at 3.25% due December 15, 2019	**$ 346,953**	$ 346,289
$250 million at 5.25% due March 1, 2022	**247,627**	247,360
$300 million at 4.25% due December 1, 2024	**296,458**	296,219
$300 million at 5.65% due December 1, 2044	**295,078**	295,031
	1,186,116	1,184,899
Egypt limited recourse debt facilities	**288,164**	330,003
Other limited recourse debt facilities	**83,355**	20,988
Total long-term debt [1]	**1,557,635**	1,535,890
Less current maturities	**(53,977)**	(47,864)
	$ 1,503,658	$ 1,488,026

[1] Long-term debt is presented net of deferred financing fees.

During the nine months ended September 30, 2016, the Company made repayments on its Egypt limited recourse debt facilities of $43.0 million, drew down $65.7 million on its other limited recourse debt facilities and made repayments of $3.3 million on its other limited recourse debt facilities. Other limited recourse debt facilities relates to financing for certain of our ocean going vessels which we own through less than wholly-owned entities under the Company's control.

The Company maintains a $300 million committed revolving credit facility with a syndicate of highly rated financial institutions that expires in December 2019. During the second quarter of 2016, the Company amended the credit facility to allow for relief, if required, of the interest coverage ratio covenant through the end of 2017. Significant covenant and default provisions of the facility include:

a) the obligation to maintain an EBITDA to interest coverage ratio of greater than 2:1 calculated on a four-quarter trailing basis and a debt to capitalization ratio of less than or equal to 55%, both ratios calculated in accordance with definitions in the credit agreement that include adjustments to the limited recourse subsidiaries,

b) a default if payment is accelerated by a creditor on any indebtedness of $50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries, and

c) a default if a default occurs that permits a creditor to demand repayment on any other indebtedness of $50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries.

The Egypt limited recourse debt facilities have covenants and default provisions that apply only to the Egypt entity, including restrictions on the incurrence of additional indebtedness and a requirement to fulfill certain conditions before the payment of cash or other shareholder distributions. Certain conditions have not been met, resulting in a restriction on shareholder distributions from the Egypt entity. As of September 30, 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.

At September 30, 2016, management believes the Company was in compliance with all significant terms and default provisions related to long-term debt obligations.

6. Finance costs:

		Three Months Ended			Nine Months Ended	
		Sep 30 2016	Sep 30 2015		**Sep 30 2016**	Sep 30 2015
Finance costs	**$**	**23,389**	$ 21,283	**$**	**66,248**	$ 69,891
Less capitalized interest related to Geismar plants under construction		**—**	(5,072)		**—**	(14,913)
	$	**23,389**	$ 16,211	**$**	**66,248**	$ 54,978

Finance costs are primarily comprised of interest on borrowings and finance lease obligations, amortization of deferred financing fees, finance costs related to finance leases, and accretion expense associated with site restoration costs. Capitalized interest relates to interest costs capitalized for the Geismar project which was completed in 2015.

7. Net income (loss) per common share:

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

Outstanding TSARs may be settled in cash or common shares at the holder's option and for purposes of calculating diluted net income (loss) per common share, the more dilutive of the cash-settled and equity-settled method is used, regardless of how the plan is accounted for. Accordingly, TSARs that are accounted for using the cash-settled method will require adjustments to the numerator and denominator if the equity-settled method is determined to have a dilutive effect on diluted net income (loss) per common share as compared to the cash-settled method. For the three and nine months ended September 30, 2016, the cash-settled method was more dilutive for TSARs and no adjustment was required for the numerator or the denominator. For the same periods in 2015, the equity-settled method was more dilutive, so an adjustment was required for both the numerator and the denominator.

For the three and nine months ended September 30, 2016, the Company incurred a net loss attributable to Methanex shareholders and therefore exclusion of the stock options was more dilutive, so no adjustment was made to the denominator. For the same periods in 2015, stock options were considered dilutive when the average market price of the Company's common shares during the period disclosed exceeded the exercise price of the stock option, so an adjustment was made to the denominator.

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

		Three Months Ended			Nine Months Ended	
		Sep 30 2016	Sep 30 2015		**Sep 30 2016**	Sep 30 2015
Numerator for basic net income (loss) per common share	**$**	**(11,112)**	$ 78,073	**$**	**(37,387)**	$ 191,307
Adjustment for the effect of TSARs:						
Cash-settled recovery included in net income		**—**	(28,772)		**—**	(12,507)
Equity-settled expense		**—**	(700)		**—**	(4,612)
Numerator for diluted net income (loss) per common share	**$**	**(11,112)**	$ 48,601	**$**	**(37,387)**	$ 174,188

7. Net income (loss) per common share (continued):

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

	Three Months Ended		Nine Months Ended	
	Sep 30 2016	Sep 30 2015	**Sep 30 2016**	Sep 30 2015
Denominator for basic net income (loss) per common share	**89,800,458**	90,144,422	**89,772,093**	90,967,926
Effect of dilutive stock options	**—**	211,859	**—**	306,365
Effect of dilutive TSARs	**—**	336,144	**—**	481,202
Denominator for diluted net income (loss) per common share	**89,800,458**	90,692,425	**89,772,093**	91,755,493

8. Share-based compensation:

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

(i) Outstanding units:

Information regarding units outstanding at September 30, 2016 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, 2015	1,259,208	$ 44.48	2,108,965	$ 42.73
Granted	375,500	34.59	574,600	34.59
Exercised	(7,091)	27.32	(4,800)	26.54
Cancelled	(17,321)	53.97	(37,400)	56.12
Outstanding at June 30, 2016	1,610,296	$ 42.15	2,641,365	$ 40.80
Exercised	**(4,050)**	**27.57**	**(15,300)**	**25.70**
Cancelled	**(5,540)**	**53.92**	**(17,549)**	**44.93**
Outstanding at September 30, 2016	**1,600,706**	**$ 42.15**	**2,608,516**	**$ 40.86**

	Stock Options	
(per share amounts in USD)	Number of Units	Weighted Average Exercise Price
Outstanding at December 31, 2015	448,507	$ 30.52
Granted	75,500	34.59
Exercised	(125,040)	6.33
Cancelled	(1,800)	55.66
Expired	(12,000)	6.33
Outstanding at June 30, 2016	385,167	$ 39.81
Exercised	**(12,000)**	**25.22**
Cancelled	**(10,600)**	**43.58**
Outstanding at September 30, 2016	**362,567**	**$ 40.18**

8. Share-based compensation (continued):

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

(i) Outstanding units (continued):

	Units Outstanding at September 30, 2016				Units Exercisable at September 30, 2016		
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:							
$23.36 to $40.72	3.72	1,121,779	$	33.35	744,646	$	32.70
$46.42 to $73.13	5.01	478,927		62.74	226,676		65.61
	4.11	1,600,706	$	42.15	971,322	$	40.38
TSARs:							
$23.36 to $40.72	3.50	1,930,537	$	33.11	1,360,037	$	32.49
$46.42 to $73.13	5.01	677,979		62.92	319,843		65.92
	3.90	2,608,516	$	40.86	1,679,880	$	38.86
Stock options:							
$6.33 to $25.22	0.42	37,750	$	25.22	37,750	$	25.22
$28.43 to $73.13	4.10	324,817		41.92	204,139		40.26
	3.72	362,567	$	40.18	241,889	$	37.91

(ii) Compensation expense related to SARs and TSARs:

Compensation expense for SARs and TSARs is measured based on their fair value and is recognized over the vesting period. Changes in fair value each period are recognized in net income for the proportion of the service that has been rendered at each reporting date. The fair value at September 30, 2016 was $26.1 million compared with the recorded liability of $22.8 million. The difference between the fair value and the recorded liability of $3.3 million will be recognized over the weighted average remaining vesting period of approximately 1.67 years. The weighted average fair value was estimated at September 30, 2016 using the Black-Scholes option pricing model.

For the three and nine month periods ended September 30, 2016, compensation expense related to SARs and TSARs included an expense in cost of sales and operating expenses of $10.9 million (2015 - recovery of $44.6 million) and an expense of $9.8 million (2015 - recovery of $19.6 million), respectively. This included an expense of $10.0 million (2015 - recovery of $45.3 million) and an expense of $3.8 million (2015 - recovery of $26.8 million), respectively, related to the effect of the change in the Company's share price for the three and nine months ended September 30, 2016.

(iii) Compensation expense related to stock options:

For the three and nine month periods ended September 30, 2016, compensation expense related to stock options included in cost of sales and operating expenses was $0.1 million (2015 - $0.2 million) and $0.5 million (2015 - $0.6 million), respectively. The fair value of each stock option grant was estimated on the grant date using the Black-Scholes option pricing model.

8. Share-based compensation (continued):

b) Deferred, restricted and performance share units:

Deferred, restricted and performance share units outstanding at September 30, 2016 are as follows:

	Number of Deferred Share Units	Number of Restricted Share Units	Number of Performances Share Units
Outstanding at December 31, 2015	285,816	13,864	610,578
Granted	7,011	11,500	261,760
Granted performance factor [1]	—	—	55,592
Granted in-lieu of dividends	4,892	433	9,646
Redeemed	(41,498)	—	(355,415)
Cancelled	—	—	(11,855)
Outstanding at June 30, 2016	256,221	25,797	570,306
Granted	**673**	**—**	**—**
Granted in-lieu of dividends	**1,979**	**225**	**4,933**
Cancelled	**—**	**—**	**(5,851)**
Outstanding at September 30, 2016	**258,873**	**26,022**	**569,388**

[1] Performance share units have a feature where the ultimate number of units that vest are adjusted by a performance factor of the original grant as determined by the Company's total shareholder return in relation to a predetermined target over the period to vesting. These units relate to performance share units redeemed in the quarter ended March 31, 2016.

Compensation expense for deferred, restricted and performance share units is measured at fair value based on the market value of the Company's common shares and is recognized over the vesting period. Changes in fair value are recognized in net income for the proportion of the service that has been rendered at each reporting date. The fair value of deferred, restricted and performance share units at September 30, 2016 was $15.6 million compared with the recorded liability of $13.9 million. The difference between the fair value and the recorded liability of $1.7 million will be recognized over the weighted average remaining vesting period of approximately 1.70 years.

For the three and nine month periods ended September 30, 2016, compensation expense related to deferred, restricted and performance share units included in cost of sales and operating expenses was an expense of $2.1 million (2015 - recovery of $19.9 million) and an expense of $2.4 million (2015 - recovery of $13.5 million), respectively. This included an expense of $1.6 million (2015 - recovery of $21.7 million) and a recovery of $0.2 million (2015 - recovery of $22.0 million) related to the effect of the change in the Company's share price for the three and nine month periods ended September 30, 2016.

9. Changes in non-cash working capital:

Changes in non-cash working capital for the three and nine month periods ended September 30, 2016 and 2015 were as follows:

	Three Months Ended		Nine Months Ended	
	Sep 30 2016	Sep 30 2015	**Sep 30 2016**	Sep 30 2015
Changes in non-cash working capital:				
Trade and other receivables	**$ (6,808)**	$ 81,523	**$ 91,687**	$ (60,647)
Inventories	**6,638**	46,983	**6,166**	37,716
Prepaid expenses	**(677)**	(6,361)	**(894)**	2,469
Trade, other payables and accrued liabilities	**24,108**	(67,191)	**(40,279)**	(66,879)
	23,261	54,954	**56,680**	(87,341)
Adjustments for items not having a cash effect and working capital changes relating to taxes and interest paid	**(35,529)**	(5,662)	**(68,177)**	(59,203)
Changes in non-cash working capital having a cash effect	**$ (12,268)**	$ 49,292	**$ (11,497)**	$ (146,544)
These changes relate to the following activities:				
Operating	**$ 2,033**	$ 57,749	**$ (11,883)**	$ (96,443)
Financing	**(5,934)**	(5,835)	**(17,088)**	(13,670)
Investing	**(8,367)**	(2,622)	**17,474**	(36,431)
Changes in non-cash working capital	**$ (12,268)**	$ 49,292	**$ (11,497)**	$ (146,544)

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 the euro compared to the U.S. dollar and derivative financial instruments to hedge its risk exposure to fluctuations in natural gas prices.

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 includes an adjustment 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 hedging relationship.

10. Financial instruments (continued):

Natural gas forward contracts

The Company has elected to manage its exposure to changes in natural gas prices for the Geismar 2 facility by executing a number of forward contracts which it has designated as cash flow hedges for its highly probable forecast natural gas purchases in North America.

As at September 30, 2016, the Company had outstanding forward contracts designated as cash flow hedges with a notional amount of $495 million (December 31, 2015 - $517 million) and a negative fair value of $64.9 million (December 31, 2015 - $42.7 million) included in other long-term liabilities.

Euro forward exchange contracts

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

As at September 30, 2016, the Company had outstanding forward exchange contracts designated as cash flow hedges to sell a notional amount of 69 million euros (December 31, 2015 - 35 million euros). The euro contracts had a negative fair value of $0.5 million recorded in current liabilities at September 30, 2016 (December 31, 2015 - positive $1.2 million recorded in current assets).

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 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	(927)	(11,030)	(18,615)	(44,953)	$ (75,525)
Euro forward exchange contracts	(210)	—	—	—	$ (210)

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

	September 30, 2016	
As at	Carrying Value	Fair Value
Long-term debt excluding deferred financing fees	$ 1,570,780	$ 1,527,405

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 was 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)*

	2016	Q3	Q2	Q1	2015	Q4	Q3	Q2	Q1
METHANOL SALES VOLUME									
(thousands of tonnes)									
Methanex-produced [1]	**5,078**	1,860	1,689	1,529	**5,050**	1,372	1,238	1,203	1,237
Purchased methanol	**1,366**	411	533	422	**2,780**	636	679	813	652
Commission sales [1]	**513**	205	140	168	**641**	178	169	109	185
	6,957	2,476	2,362	2,119	**8,471**	2,186	2,086	2,125	2,074
METHANOL PRODUCTION									
(thousands of tonnes)									
New Zealand	**1,645**	559	577	509	**1,856**	412	476	487	481
Geismar (Louisiana, USA)	**1,529**	519	527	483	**959**	244	259	276	180
Trinidad (Methanex interest)	**1,150**	420	417	313	**1,644**	432	398	419	395
Egypt (50% interest)	**197**	69	53	75	**74**	58	—	8	8
Medicine Hat (Canada)	**396**	114	123	159	**456**	155	123	51	127
Chile	**241**	68	73	100	**204**	88	3	40	73
	5,158	1,749	1,770	1,639	**5,193**	1,389	1,259	1,281	1,264
AVERAGE REALIZED METHANOL PRICE [2]									
($/tonne)	**230**	236	223	230	**322**	277	323	350	337
($/gallon)	**0.69**	0.71	0.67	0.69	**0.97**	0.83	0.97	1.05	1.01
PER SHARE INFORMATION ($ per common share attributable to Methanex shareholders)									
Adjusted net income (loss)	**(0.63)**	(0.01)	(0.34)	(0.27)	**1.20**	0.16	0.26	0.56	0.23
Basic net income (loss)	**(0.42)**	(0.12)	(0.03)	(0.26)	**2.21**	0.10	0.87	1.15	0.09
Diluted net income (loss)	**(0.42)**	(0.12)	(0.08)	(0.26)	**2.01**	0.10	0.54	1.15	0.09

[1] Methanex-produced methanol includes any volume produced by Chile using natural gas supplied from Argentina under a tolling arrangement. 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.

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