Makalskaya Yaroslava
Form 4
October 04, 2012

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
Makalskaya Yaroslava

(Last) (First) (Middle)

3700 BUFFALO SPEEDWAY, STE 960

(Street)

HOUSTON, TX 77098

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CONTANGO OIL & GAS CO [MCF]

3. Date of Earliest Transaction (Month/Day/Year)
10/04/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Vice President and Controller

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	10/04/2012		P		250	A	$ 50.774	1,375	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Makalskaya Yaroslava 3700 BUFFALO SPEEDWAY, STE 960 HOUSTON, TX 77098			Vice President and Controller	

Signatures

Yaroslava Makalskaya	10/04/2012
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. TD style="border-right: 1px solid #000000"> **597 (597) -**

Payments for shares repurchased
(1,550,000) (6,901) (26,972) (33,873)

Dividend payments
(13,431) (13,431)

Balance, September 30, 2006
107,158,817 $478,462 $8,611 $594,072 $1,081,145

See accompanying notes to consolidated financial statements.

METHANEX CORPORATION 2006 THIRD QUARTER REPORT
CONSOLIDATED FINANCIAL STATEMENTS PAGE 15

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

	Three Months Ended		Nine Months Ended	
	Sep 30 2006	Sep 30 2005	**Sep 30 2006**	Sep 30 2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	**$ 113,230**	$ (21,789)	**$ 310,504**	$ 117,178
Add (deduct):				
Depreciation and amortization	**31,191**	23,315	**79,151**	64,799
Future income taxes	**8,683**	23,187	**(1,582)**	48,625
Stock-based compensation expense	**9,015**	2,292	**22,497**	9,044
Other non-cash items	**3,076**	1,874	**5,291**	4,461
Other cash payments	**(2,130)**	(192)	**(9,364)**	(2,803)
Cash flows from operating activities before undernoted	**163,065**	28,687	**406,497**	241,304
Changes in non-cash working capital (note 11)	**(10,417)**	16,899	**(84,612)**	11,678
	152,648	45,586	**321,885**	252,982
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for shares repurchased	**(33,873)**	(15,364)	**(151,108)**	(82,137)
Dividend payments	**(13,431)**	(12,900)	**(39,281)**	(35,441)
Proceeds on issue of shares on exercise of stock options	**1,397**	230	**5,662**	10,174
Funding of debt service reserve account			**(2,301)**	
Repayment of limited recourse long-term debt			**(7,016)**	(4,032)
Repayment of long-term debt		(250,000)		(250,000)
Proceeds on issue of long-term debt		148,090		148,090
Repayment of other long-term liabilities	**(1,109)**	(90)	**(4,834)**	(5,817)
	(47,016)	(130,034)	**(198,878)**	(219,163)
CASH FLOWS FROM INVESTING ACTIVITIES				
Property, plant and equipment and other assets	**(14,621)**	(13,894)	**(43,360)**	(46,516)
Plant and equipment construction costs		(7,419)		(39,377)
Changes in non-cash working capital (note 11)		(8,105)	**26,140**	(5,729)
	(14,621)	(29,418)	**(17,220)**	(91,622)
Increase (decrease) in cash and cash equivalents	**91,011**	(113,866)	**105,787**	(57,803)

Cash and cash equivalents, beginning of period	**173,531**	266,112	**158,755**	210,049
Cash and cash equivalents, end of period	**$ 264,542**	$ 152,246	**$ 264,542**	$ 152,246
SUPPLEMENTARY CASH FLOW INFORMATION				
Interest paid, net of capitalized interest	**$ 11,982**	$ 13,485	**$ 30,546**	$ 35,018
Income taxes paid, net of amounts refunded	**$ 36,655**	$ 16,904	**$ 98,029**	$ 40,756

See accompanying notes to consolidated financial statements.

Methanex Corporation
Notes to Consolidated Financial Statements *(unaudited)*
Except where otherwise noted, tabular dollar amounts are stated in thousands of US dollars.

1. Basis of presentation

These interim consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada on a basis consistent with those followed in the most recent annual consolidated financial statements. These accounting principles are different in some respects from those generally accepted in the United States and the significant differences are described and reconciled in note 14. These interim consolidated financial statements do not include all note disclosures required by Canadian generally accepted accounting principles for annual financial statements, and therefore should be read in conjunction with the annual consolidated financial statements included in the Methanex Corporation 2005 Annual Report.

2. Property, plant and equipment

	Cost	Accumulated Depreciation	Net Book Value
September 30, 2006			
Plant and equipment	**$ 2,739,708**	**$ 1,447,855**	**$ 1,291,853**
Other	**116,849**	**41,417**	**75,432**
	$ 2,856,557	**$ 1,489,272**	**$ 1,367,285**
December 31, 2005			
Plant and equipment	$ 2,711,775	$ 1,383,105	$ 1,328,670
Other	101,718	34,262	67,456
	$ 2,813,493	$ 1,417,367	$ 1,396,126

3. Interest in Atlas joint venture

The Company has a 63.1% joint venture interest in Atlas Methanol Company (Atlas). Atlas owns a 1.7 million tonne per year methanol production facility in Trinidad. Included in the consolidated financial statements are the following amounts representing the Company s proportionate interest in Atlas:

Consolidated Balance Sheets	**Sep 30 2006**	Dec 31 2005
Cash and cash equivalents	**$ 42,419**	$ 24,032
Other current assets	**59,479**	32,937
Property, plant and equipment	**270,029**	281,765
Other assets	**22,490**	20,409
Accounts payable and accrued liabilities	**49,707**	30,340
Long-term debt, including current maturities (note 4)	**143,932**	150,948
Future income tax liabilities (note 7)	**11,304**	21,988

	Three Months Ended	**Nine Months Ended**

Consolidated Statements of Income (Loss)	**Sep 30 2006**	Sep 30 2005	**Sep 30 2006**	Sep 30 2005
Revenue	**$ 67,642**	$ 23,666	**$ 159,572**	$ 127,260
Expenses	**(49,499)**	(24,867)	**(125,588)**	(105,416)
Income (loss) before income taxes	**18,143**	(1,201)	**33,984**	21,844
Income taxes (note 7)	**(2,508)**	(19,783)	**10,684**	(19,783)
Net Income (loss)	**$ 15,635**	$ (20,984)	**$ 44,668**	$ 2,061

3. Interest in Atlas joint venture (continued):

Consolidated Statements of Cash Flows	Three Months Ended Sep 30 2006	Three Months Ended Sep 30 2005	Nine Months Ended Sep 30 2006	Nine Months Ended Sep 30 2005
Cash inflows from operating activities	$ 16,287	$ 24,916	$ 39,247	$ 38,767
Cash outflows from financing activities			(7,016)	(4,032)
Cash outflows from investing activities	(2,384)	(5,606)	(2,783)	(9,414)

4. Long-term debt:

	Sep 30 2006	Dec 31 2005
Unsecured notes		
8.75% due August 15, 2012	$ 200,000	$ 200,000
6.00% due August 15, 2015	150,000	150,000
	350,000	350,000
Atlas limited recourse debt facilities	143,932	150,948
	493,932	500,948
Less current maturities	(14,032)	(14,032)
	$ 479,900	$ 486,916

The limited recourse debt facilities of Atlas are described as limited recourse as they are secured only by the assets of the joint venture.

5. Kitimat closure costs:

During the three month period ended September 30, 2005 we announced the planned November 1, 2005 closure of the Kitimat methanol and ammonia facilities. The total closure costs of $41 million included employee severance costs of approximately $13 million and contract termination costs of approximately $28 million. Contract termination costs included costs to terminate a take-or-pay natural gas transportation agreement and an ammonia supply agreement. During the three month period ended September 30, 2005, we recorded Kitimat closure costs of $29 million and the remaining Kitimat closure costs of approximately $12 million were recorded during the fourth quarter of 2005.

6. Interest expense:

	Three Months Ended Sep 30 2006	Three Months Ended Sep 30 2005	Nine Months Ended Sep 30 2006	Nine Months Ended Sep 30 2005
Interest expense before capitalized interest	$ 11,586	$ 11,424	$ 33,489	$ 38,763
Less: capitalized interest related to Chile IV				(7,764)

	$ 11,586	$ 11,424	**$ 33,489**	$ 30,999

7. Future income taxes related to change in tax legislation:

During 2005, the Government of Trinidad and Tobago introduced new tax legislation retroactive to January 1, 2004. As a result, during 2005 we recorded a $16.9 million charge to increase future income tax expense to reflect the retroactive impact for the period January 1, 2004 to December 31, 2004. In February 2006, the Government of Trinidad and Tobago passed an amendment to this legislation that changed the retroactive date to January 1, 2005. As a result of the amendment we recorded an adjustment to decrease future income taxes by a total of $25.8 million. The adjustment is made up of the reversal of the previous charge to 2005 earnings of $16.9 million and an additional adjustment of $8.9 million to recognize the benefit of tax deductions that were reinstated as a result of the change in the implementation date.

8. Net income (loss) per common share:

A reconciliation of the weighted average number of common shares outstanding is as follows:

	Three Months Ended		**Nine Months Ended**	
	Sep 30 2006	Sep 30 2005	**Sep 30 2006**	Sep 30 2005
Denominator for basic net income (loss) per common share	**107,984,976**	117,507,684	**109,994,897**	118,604,678
Effect of dilutive stock options	**51,212**		**306,015**	658,032
Denominator for diluted net income (loss) per common share	**108,036,188**	117,507,684	**110,300,912**	119,262,710

9. Stock-based compensation:

a) Stock options:

(i) Incentive stock options:

Common shares reserved for outstanding incentive stock options at September 30, 2006:

	Options Denominated in CAD $			**Options Denominated in US $**		
	Number of Stock Options		**Weighted Average Exercise Price**	**Number of Stock Options**		**Weighted Average Exercise Price**
Outstanding at December 31, 2005	316,650	$	9.67	1,328,450	$	13.29
Granted				1,649,600		20.78
Exercised	(103,250)		11.51	(332,425)		9.76
Cancelled	(8,000)		11.00	(7,000)		15.24
Outstanding at June 30, 2006	205,400		8.70	2,638,625		18.41
Granted						
Exercised	**(32,750)**		**9.18**	**(95,400)**		**12.65**
Cancelled				**(17,000)**		**19.67**
Outstanding at September 30, 2006	**172,650**	**$**	**8.60**	**2,526,225**	**$**	**18.62**

Information regarding the incentive stock options outstanding at September 30, 2006 is as follows:

	Options Outstanding at September 30, 2006		**Options Exercisable at September 30, 3006**	
Weighted Average Remaining Contractual Life	**Number of Stock Options**	**Weighted Average**	**Number of Stock Options**	**Weighted Average**

Range of Exercise Prices	(Years)	Outstanding	Exercise Price	Exercisable	Exercise Price
Options denominated in CAD					
$3.29 to 13.65	**3.1**	**172,650**	**$ 8.60**	**172,650**	**$ 8.60**
Options denominated in USD					
$6.45 to 10.01	**6.2**	**277,125**	**$ 8.52**	**277,125**	**$ 8.52**
$11.56 to 22.52	**6.1**	**2,249,100**	**19.86**	**238,575**	**18.22**
	6.1	**2,526,225**	**$ 18.62**	**515,700**	**$ 13.01**

(ii) Performance stock options:

As at September 30, 2006, there were 50,000 shares reserved for performance stock options with an exercise price of CAD $4.47. All outstanding performance stock options have vested and are exercisable.

9. Stock-based compensation (continued):

(iii) Compensation expense related to stock options:

For the three and nine month periods ended September 30, 2006, compensation expense related to stock options included in cost of sales and operating expenses was $2.7 million (2005 $0.8 million) and $5.9 million (2005 $2.1 million), respectively. The fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2006	2005
Risk-free interest rate	**5%**	4%
Expected dividend yield	**2%**	2%
Expected life	**5 years**	5 years
Expected volatility	**40%**	43%
Expected forfeitures	**5%**	5%
Weighted average fair value of options granted (US$ per share)	**$ 8.82**	$ 6.51

b) Deferred, restricted and performance share units:

Deferred, restricted and performance share units outstanding at September 30, 2006 are as follows:

	Number of Deferred Share Units	**Number of Restricted Share Units**	**Number of Performance Share Units**
Outstanding at December 31, 2005	427,264	1,089,836	
Granted	30,479	20,000	402,460
Granted in-lieu of dividends	4,103	11,899	4,500
Redeemed		(71,237)	
Cancelled		(20,095)	(2,222)
Outstanding at June 30, 2006	461,846	1,030,403	404,738
Granted	**1,786**		
Granted in-lieu of dividends	**2,067**	**5,343**	**2,129**
Redeemed	**(55,265)**	**(776)**	
Cancelled		**(7,721)**	**(2,740)**
Outstanding at September 30, 2006	**410,434**	**1,027,249**	**404,127**

On March 3, 2006, the Company granted 402,460 performance share units. Performance share units are grants of notional common shares where the ultimate number of units that vest will be determined by the Company s total shareholder return in relation to a predetermined target over the period to vesting. The number of units that will ultimately vest will be in the range of 50% to 120% of the original grant. The performance share units granted on March 3, 2006 will vest on December 31, 2008.

Compensation expense for deferred, restricted and performance share units is initially measured at fair value based on the market value of the Company s common shares and is recognized over the related service period. Changes in fair value are recognized in earnings 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, 2006 was $46.8 million compared with the recorded liability of $31.3 million. The difference between the fair value and the recorded liability of $15.5 million will be recognized over the weighted average remaining service period of approximately 1.8 years.

For the three and nine month periods ended September 30, 2006, compensation expense related to deferred, restricted and performance share units included in cost of sales and operating expenses was $6.3 million (2005 $1.5 million) and $16.6 million (2005 $6.9 million), respectively. For the three and nine month periods ended September 30, 2006, the compensation expense included $3.6 million (2005 recovery of $0.6 million) and $8.5 million (2005 $0.3 million), respectively, related to the effect of the increase in the Company s share price. As at September 30, 2006, the Company s share price was US$24.34 per share.

10. Retirement plans:

Total net pension expense for the Company s defined benefit and defined contribution pension plans during the three and nine month periods ended September 30, 2006 was $2.7 million (2005 - $1.2 million) and $5.8 million (2005 $3.7 million), respectively.

11. Changes in non-cash working capital:

The changes in non-cash working capital are as follows:

	Three Months Ended		**Nine Months Ended**	
	Sep 30 2006	Sep 30 2005	**Sep 30 2006**	Sep 30 2005
Decrease (increase) in non-cash working capital:				
Receivables	**$ (30,739)**	$ 33,209	**$ (22,211)**	$ 80,907
Inventories	**(140)**	(17,586)	**(23,539)**	(19,822)
Prepaid expenses	**(472)**	1,628	**(6,066)**	(556)
Accounts payable and accrued liabilities	**24,721**	(10,093)	**4,357**	(58,301)
	(6,630)	7,158	**(47,459)**	2,228
Adjustments for items not having a cash effect	**(3,787)**	1,636	**(11,013)**	3,721
Changes in non-cash working capital having a cash effect	**$ (10,417)**	$ 8,794	**$ (58,472)**	$ 5,949
These changes relate to the following activities:				
Operating	**$ (10,417)**	$ 16,899	**$ (84,612)**	$ 11,678
Investing (a)		(8,105)	**26,140**	(5,729)
Changes in non-cash working capital	**$ (10,417)**	$ 8,794	**$ (58,472)**	$ 5,949

(a) For the nine months ended September 30, 2006, changes in non-cash working capital related to investing activities include the receipt of incentive tax credits of $27.8 million related to the construction of the 840,000 tonne per year Chile IV methanol production facility.

12. Derivative financial instruments:

As at September 30, 2006, the Company s forward exchange contracts to purchase and sell foreign currency in exchange for US dollars were as follows:

	Notional Amount	**Average Exchange Rate**	**Maturity**
Forward exchange purchase contracts			

New Zealand dollar	25 million	0.6374	2006
Chilean peso	15 billion	0.0019	2006
Forward exchange sales contracts			
Euro	24 million	1.2629	2006
Chilean peso	30 billion	0.0019	2006/2007

As at September 30, 2006, the carrying value of the forward exchange purchase and sales contracts was $1.9 million which approximates the fair value of these contracts. The Company also has an interest rate swap contract recorded in other long-term liabilities with a carrying value of negative $1.3 million which approximates fair value.

13. Contingency:

Effective July 25, 2006, the government of Argentina increased the duty on exports of natural gas from Argentina to Chile, which have been in place since May 2004, from approximately $0.30 per mmbtu to $2.25 per mmbtu. Exports of natural gas from the province of Tierra del Fuego were previously exempt from this duty until late October when the government of Argentina extended this duty to include this province retroactive to May 2004 at the same rates applicable to the other provinces. As a result of this resolution, the increased duty on exports of natural gas will apply to all of the natural gas feedstock that the Company sources from Argentina, or approximately 60% of the total current gas supply to its plants in Chile. The total cost of the export duty to our gas suppliers on an annual basis has increased to approximately $200 million. While the Company has contractual protection against export duties, it has been in discussions with certain gas suppliers in Argentina regarding the impact of the increased export duty and, subject to certain conditions, the Company has indicated a willingness to share some of this export duty. The Company expects to reach agreements with its gas suppliers by the end of the year.

The cost of any potential agreements reached with the Company s gas suppliers cannot be reasonably estimated at this time and therefore the Company cannot provide assurance that this export duty will not have an adverse effect on its results of operations and financial condition.

14. United States Generally Accepted Accounting Principles:

The Company follows generally accepted accounting principles in Canada (Canadian GAAP) which are different in some respects from those applicable in the United States and from practices prescribed by the United States Securities and Exchange Commission (US GAAP).

The significant differences between Canadian GAAP and US GAAP with respect to the Company s consolidated statements of income (loss) for the three month and nine month periods ended September 30, 2006 and 2005 are as follows:

	Three Months Ended		**Nine Months Ended**	
	Sep 30 2006	Sep 30 2005	**Sep 30 2006**	Sep 30 2005
Net income (loss) in accordance with Canadian GAAP	**$ 113,230**	$ (21,789)	**$ 310,504**	$ 117,178
Add (deduct) adjustments for:				
Depreciation and amortization [a]	**(478)**	(478)	**(1,433)**	(1,434)
Stock-based compensation [b]	**(241)**	202	**(369)**	317
Forward exchange contracts [c]				(306)
Income tax effect of above adjustments	**167**	167	**501**	597
Net income (loss) in accordance with US GAAP	**$ 112,678**	$ (21,898)	**$ 309,203**	$ 116,352
Per share information in accordance with US GAAP:				
Basic net income (loss) per share	**$ 1.04**	$ (0.19)	**$ 2.81**	$ 0.98
Diluted net income (loss) per share	**$ 1.04**	$ (0.19)	**$ 2.80**	$ 0.98

The consolidated statements of comprehensive income (loss) for the three month and nine month periods ended September 30, 2006 and 2005 are as follows:

	Three Months Ended		**Nine Months Ended**	
	Sep 30 2006	Sep 30 2005	**Sep 30 2006**	Sep 30 2005
Net income (loss) in accordance with US GAAP	**$ 112,678**	$ (21,898)	**$ 309,203**	$ 116,352

Other comprehensive income:				
Change in fair value of forward exchange contracts c				142
Comprehensive income (loss) in accordance with US GAAP	**$ 112,678**	$ (21,898)	**$ 309,203**	$ 116,494

a **Business Combinations:** Effective January 1, 1993, the Company combined its business with a methanol business located in New Zealand and Chile. Under Canadian GAAP, the business combination was accounted for using the pooling-of-interest method. Under US GAAP, the business combination would have been accounted for as a purchase with the Company identified as the acquirer. During the three and nine month periods ended September 30, 2006, an increase to depreciation expense of $0.5 million (2005 $0.5 million) and $1.4 million (2005 $1.4 million) respectively, was recorded in accordance with US GAAP.

14. United States Generally Accepted Accounting Principles (continued):

b **Stock-based compensation:** The Company has 34,350 options that are accounted for as a liability under US GAAP because the exercise price of the stock options is denominated in a currency other than the Company s functional currency or the currency in which the optionee is normally compensated. For Canadian GAAP purposes, no compensation expense has been recorded as these options were granted in 2001 which is prior to the effective implementation date for fair value accounting under Canadian GAAP. During the three and nine month periods ended September 30, 2006, an increase to operating expenses of

$0.2 million (2005 decrease of $0.2 million) and $0.4 million (2005 decrease of $0.3 million), respectively, was recorded in accordance with US GAAP .

c **Forward exchange contracts:** Under Canadian GAAP, forward exchange contracts that are designated and qualify as hedges are recorded at fair value and recognized in earnings when the hedged transaction is recorded. Under US GAAP, forward exchange contracts that are designated and qualify as hedges are recorded at fair value at each reporting date, with the change in fair value either being recognized in earnings to offset the change in fair value of the hedged transaction, or recorded in other comprehensive income until the hedged transaction is recorded. The ineffective portion, if any, of the change in fair value of forward exchange contracts that are designated and qualify as hedges is immediately recognized in earnings. For the three and nine month periods ended September 30, 2006, no adjustment to operating expenses was recorded in accordance with US GAAP. For the three and nine month periods ended September 30, 2005, no adjustment to operating expenses and an increase of $0.3 million, respectively, was recorded in accordance with US GAAP.

d **Interest in Atlas joint venture:** US GAAP requires interests in joint ventures to be accounted for using the equity method. Canadian GAAP requires proportionate consolidation of interests in joint ventures. The Company has not made an adjustment in this reconciliation for this difference in accounting principles because the impact of applying the equity method of accounting does not result in any change to net income or shareholders equity. This departure from US GAAP is acceptable for foreign private issuers under the practices prescribed by the United States Securities and Exchange Commission.

e **Performance Share Units:** On March 3, 2006, the Company granted 402,460 performance share units. Performance share units are grants of notional common shares where the ultimate number of units that vest will be determined by the Company s total shareholder return in relation to a predetermined target over the period to vesting. The number of units that will ultimately vest will be in the range of 50% to 120% of the original grant. Under Canadian GAAP, the fair value of performance share units is measured each reporting period as the market price multiplied by the total shareholder return result. This fair value is recognized over the related service period with changes in fair value being recognized in earnings for the proportion of the service that has been rendered at each reporting date. Under US GAAP, the fair value of performance share units is calculated each reporting period using a pricing model that incorporates the service and market conditions related to the performance share units. This fair value is recognized over the related service period with changes in fair value being recognized in earnings for the proportion of the service that has been rendered at each reporting date. For the three and nine month periods ended September 30, 2006, no adjustment to operating expenses was recorded in accordance with US GAAP.

Methanex Corporation
Quarterly History *(unaudited)*

	YTD 2006	Q3	Q2	Q1	2005	Q4	Q3	Q2	Q1	2004	Q4	Q3	Q2
THANOL SALES OLUMES *usands of nes)*													
pany produced	**4,150**	**1,478**	1,351	1,321	**5,341**	1,504	1,130	1,332	1,375	**5,298**	1,531	1,307	1,233
hased methanol	**813**	**222**	294	297	**1,174**	285	325	269	295	**1,960**	402	423	600
mission sales[1]	**450**	**176**	133	141	**537**	158	75	158	146	**169**	128	41	
	5,413	**1,876**	1,778	1,759	**7,052**	1,947	1,530	1,759	1,816	**7,427**	2,061	1,771	1,833
THANOL RODUCTION *usands of nes)*													
e	**2,420**	**666**	872	882	**3,029**	916	684	702	727	**2,692**	690	640	666
, Trinidad	**635**	**206**	214	215	**715**	195	184	135	201	**740**	154	176	220
s, Trinidad %)	**790**	**264**	273	253	**895**	251	157	252	235	**421**	264	157	
Zealand	**293**	**71**	118	104	**343**		120	103	120	**1,088**	266	304	229
nat					**376**	34	102	120	120	**486**	122	121	121
	4,138	**1,207**	1,477	1,454	**5,358**	1,396	1,247	1,312	1,403	**5,427**	1,496	1,398	1,236
ERAGE ALIZED THANOL CE[2]													
nne)	**289**	**305**	279	283	**254**	256	240	256	262	**237**	251	248	225
allon)	**0.87**	**0.92**	0.84	0.85	**0.76**	0.77	0.72	0.77	0.79	**0.71**	0.75	0.75	0.68
SHARE ORMATION er share)													
c net income (loss)	$ **2.82**	**1.05**	0.75	1.02	**1.41**	0.42	(0.19)	0.53	0.63	**1.95**	0.55	0.59	0.43
ted net income)	$ **2.82**	**1.05**	0.75	1.02	**1.40**	0.42	(0.19)	0.53	0.63	**1.92**	0.54	0.58	0.42

[1] *Commission sales volumes include the 36.9% of*

production from Atlas that we do not own.

2 *Average realized price is calculated as revenue, excluding commissions earned, divided by the total sales volumes of produced and purchased methanol. Prior to 2005, in-market distribution costs were also deducted from revenue when calculating average realized methanol price for presentation in the Management s Discussion and Analysis. The presentation of average methanol price for prior periods has been restated.*