

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,
ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NOVA SCOTIA AND
NEWFOUNDLAND

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE
RELIEF APPLICATIONS

AND

IN THE MATTER OF METHANEX CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland (collectively, the "Jurisdictions") has received an application from Methanex Corporation ("Methanex") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the proposed purchase by Methanex of a portion of its outstanding common shares (the "Shares") pursuant to an issuer bid (the "Offer"), Methanex be exempt from the requirements in the Legislation to:

- (a) take up and pay for securities proportionately according to the number of securities deposited by each securityholder (the "Proportionate Take-up and Payment Requirement");
- (b) provide disclosure in the issuer bid circular (the "Circular") of such proportionate take-up and payment (the "Associated Disclosure Requirement");
- (c) state the number of securities sought under the Offer (the "Number of Securities Requirement"); and
- (d) obtain a valuation of the Shares and provide disclosure in the Circular of such valuation, or a summary thereof (the "Valuation Requirement");

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the British Columbia Securities Commission is the principal regulator for this application;

AND WHEREAS Methanex has represented to the Decision Makers that:

1. Methanex has its head office in Vancouver, British Columbia, is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirement of the Legislation;

2. the authorized capital of Methanex consists of an unlimited number of Shares and 25,000,000 preferred shares without par value; as at August 8, 2001, 162,501,266 Shares and no preferred shares were issued and outstanding;

3. the Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE") under the symbol "MX" and on the Nasdaq National Market under the symbol "MEOH"; on August 7, 2001, the closing price of the Shares on the TSE was \$9.61 and the Shares comprising the public float had an aggregate market value of approximately \$1.03 billion, based on the closing price;

4. during the 12 months ended July 31, 2001:

(a) the number of outstanding Shares was at all times not less than 112.8 million excluding Shares that either were beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties with respect to Methanex or were not freely tradeable;

(b) the aggregate trading volume of the Shares on the TSE was approximately 180 million Shares;

(c) there were approximately 78,000 trades in Shares on the TSE; and

(d) the aggregate trading value based on the price of the trades referred to in paragraph 4(c) was approximately \$1.67 billion;

5. the market value of the Shares described in paragraph 4(a) above was approximately \$1.03 billion for the month of July 2001;

6. pursuant to the proposed Offer, Methanex proposes to acquire Shares in accordance with the following modified Dutch auction procedure (the "Procedure"), as disclosed in the Circular to be sent by Methanex to each holder of Shares (collectively, the "Shareholders"):

(a) the Circular will specify that the maximum amount that Methanex will expend pursuant to the Offer is US\$175,000,000 (the "Specified Amount"), excluding the amount that Methanex will spend to purchase Shares in accordance with the procedures described in paragraph 6(j) below;

(b) the Circular will specify the range of prices (the "Range") within which Methanex is prepared to purchase Shares under the Offer;

(c) any Shareholder wishing to tender to the Offer will have the right either to:
(i) specify the lowest price within the Range at which he, she or it is willing to sell the tendered Shares (an "Auction Tender"); or (ii) elect to be deemed to have tendered the Shares at the Purchase Price determined in accordance with subparagraph 6(e) below (a "Purchase Price Tender");

(d) all Shares tendered and not withdrawn by Shareholders who fail to specify any tender price for such tendered Shares and fail to indicate that they have tendered

their Shares pursuant to a Purchase Price Tender will be considered to have been tendered pursuant to a Purchase Price Tender;

(e) the purchase price (the "Purchase Price") of the Shares tendered to the Offer and not withdrawn will be the lowest price that will enable Methanex to purchase the maximum number of Shares that may be purchased with the Specified Amount, and will be determined based upon the number of Shares tendered and not withdrawn pursuant to an Auction Tender at each price within the Range and tendered and not withdrawn pursuant to a Purchase Price Tender, with each Purchase Price Tender being considered a tender at the lowest price within the Range for the purpose of calculating the Purchase Price;

(f) all Shares tendered at prices above the Purchase Price will be returned to the appropriate Shareholders;

(g) all Shares tendered and not withdrawn by Shareholders who specify a tender price for such tendered Shares that falls outside the Range will be considered to have been improperly tendered, will be excluded from the determination of the Purchase Price, will not be purchased by Methanex and will be returned to the appropriate Shareholders;

(h) if the aggregate Purchase Price for Shares validly tendered to the Offer and not withdrawn is less than or equal to the Specified Amount, Methanex will purchase all Shares so deposited;

(i) if the aggregate Purchase Price for Shares validly tendered to the Offer and not withdrawn exceeds the Specified Amount, Methanex will take up and pay for tendered Shares on a *pro rata* basis according to the number of Shares tendered by each Shareholder; subject to paragraph 6(j) below, any Shares tendered but not taken up and paid for by Methanex in accordance with this procedure will be returned to the appropriate tendering Shareholders;

(j) if, after giving effect to Methanex's purchase of Shares in accordance with the procedure described in paragraph 6(i) above, a Shareholder who had properly tendered and not withdrawn all of his, her or its Shares to the Offer at or below the Purchase Price were to hold fewer than 100 Shares (an "Odd Lot"), Methanex also will purchase any such Odd Lot at the Purchase Price; in determining whether a Shareholder would hold an Odd Lot, all of the Shares held by the Shareholder under separate certificates or in different accounts or tendered by the Shareholder pursuant to separate Auction Tenders or Purchase Price Tenders and that otherwise would be retained by the Shareholder after giving effect to the purchase of Shares in accordance with the procedure described in paragraph 6(i) above will be aggregated;

(k) the aggregate amount that Methanex will expend and the aggregate number of Shares to be acquired pursuant to the Offer will not be determined until the

number of Shares, if any, to be purchased in accordance with the procedure described in paragraph 6(j) is determined;

7. prior to the Offer's expiry, all information regarding the number of Shares tendered and the prices at which such Shares are tendered will be kept confidential, and the depositary will be directed by Methanex to maintain such confidentiality until the Purchase Price is determined;

8. since the Offer is for fewer than all the Shares, if the number of Shares tendered to the Offer at or below the Purchase Price and not withdrawn exceeds the maximum number of Shares that could be purchased for the Specified Amount, the Legislation would require Methanex to take up and pay for deposited Shares proportionately, according to the number of Shares deposited by each Shareholder; in addition, the Legislation would require disclosure in the Circular that Methanex would, if Shares tendered to the Offer exceeded the maximum number of Shares that could be purchased for the Specified Amount, take up such Shares proportionately according to the number of Shares tendered by each Shareholder;

9. taking into account the information contained in the paragraphs 4 and 5 above, and because it is reasonable to conclude that, following completion of the Offer, there will be a market for the beneficial owners of Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time the Offer was made, Methanex is able to rely upon the exemption from the Valuation Requirement in Ontario contained in section 3.4(3) of Ontario Securities Commission Rule 61-501 (the "Presumption of Liquid Market Exemption");

10. to Methanex's knowledge, no person or company other than NOVA Chemicals Corporation ("NOVA") holds more than 10% of the issued and outstanding Shares;

11. NOVA beneficially owns or exercises control or direction over 46,946,876 Shares, representing approximately 28.9% of the outstanding Shares; upon enquiry, NOVA has advised Methanex that it does not intend to tender any Shares to the Offer;

12. the Circular will:

(a) disclose the mechanics for the take-up of and payment for, or the return of, Shares as described in paragraph 6 above;

(b) explain that, by tendering Shares at the lowest price in the Range or pursuant to a Purchase Price Tender, a Shareholder reasonably can expect that the Shares so tendered will be purchased at the Purchase Price, subject to pro ration as described in paragraph 6 above;

(c) describe the background to the Offer;

(d) disclose every prior valuation of Methanex that has been made in the 24 month period preceding the Offer and whose existence is known after reasonable enquiry to Methanex or any of its directors or senior officers, if any;

(e) disclose any bona fide prior offer that relates to the Shares or is otherwise relevant to the Offer, if any, where such prior offer was received by Methanex in the 24 month period preceding the date the Offer was publicly announced, together with a description of such prior offer and the background to it;

(f) describe the review and approval process adopted by the board of directors of Methanex for the Offer, including any materially contrary view or abstention by a director;

(g) include a statement of the intention, if known to Methanex after reasonable enquiry, of every person or company, other than a *bona fide* lender, that, whether alone or in combination with others, holds or would reasonably be expected to hold, upon successful completion of the Offer, securities of Methanex sufficient to affect materially its control (an "Interested Party") to accept or not accept the Offer;

(h) include a description of the effect that Methanex anticipates the Offer, if successful, will have on the direct or indirect voting interest of every Interested Party; and

(i) disclose the facts supporting Methanex's reliance on the Presumption of Liquid Markets Exemption;

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that, in connection with the Offer, Methanex is exempt from the Proportionate Take-up and Payment Requirement, the Associated Disclosure Requirement, the Number of Securities Requirement and the Valuation Requirement, provided that Shares tendered to the Offer are taken up and paid for, or returned to the Shareholders, in the accordance with the Procedure.

DATED September 12, 2001.

"Brenda Leong"
Brenda Leong
Director

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Dutch auction issuer bid – with respect to securities tendered at or below the clearing price, offer providing for additional

purchases from certain shareholders in order to prevent the creation of odd lots – offeror exempt from the requirement in the legislation to take up and pay for securities proportionately according to the number of securities deposited by each security holder and the associated disclosure requirement and the requirement to disclose the exact number of shares it intends to purchase – offeror also exempt from the valuation requirement on the basis that there is a liquid market for the securities.

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 105(g), 108(7) and 114(2)(c)

Securities Rules, B.C. Reg. 194/97, s. 162(2) and 162(3)

Form 62-903F, Items 2 and 9