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Securities and Exchange Commission
Washington, D.C. 20549

FORM 40-F

(Check One:)

o	REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934
x	ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002. Commission File Number 0-20115

METHANEX CORPORATION

(Exact name of Registrant as specified in its charter))

CANADA

(Province or other jurisdiction of incorporation or organization)

2869	**N.A.**
(Primary Standard Industrial Classification Code (if applicable))	*(I.R.S. Employer Identification Number (if applicable))*

1800 Waterfront Center, 200 Burrard Street
Vancouver, British Columbia, Canada V6C 3M1
telephone number: (604) 661-2600

(Address and telephone number of Registrant's principal executive office)

CT Corporation System
1633 Broadway, New York, New York 10019
telephone number: (202) 664-1666

(name, address (including zip code)and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

None

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Title of each class	Name of each exchange on which registered
Common Shares	Nasdaq National Market

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

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Title of each class

7.75% Senior Notes due August 15, 2005
8.75% Senior Notes due August 15, 2012

For annual reports, indicate by check mark the information filed with this Form:

x Annual information form x Audited annual financial statements

Indicate number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

125,651,639 Common Shares were outstanding as of December 31, 2002

Indicate by check mark whether the registrant by filing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the file number assigned to the Registrant in connection with such Rule.

Yes o 82-_____ No x

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

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CONTROLS AND PROCEDURES

Disclosure controls and procedures are defined by the Securities and Exchange Commission as those controls and procedures that are designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms. Our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures within 90 days prior to filing of this Annual Report on Form 40-F and have determined that such disclosure controls and procedures are effective.

Subsequent to our evaluation, there were no significant changes in internal controls or other factors that could significantly affect internal controls, including any corrective actions with regards to significant deficiencies and material weaknesses.

The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in the said securities.

CONSENT TO SERVICE OF PROCESS

A Form F-X signed by the Registrant and the Registrants' agents for service of process with respect to the Common Shares was filed with the Commission together with the Form 40-F of the Registrant on June 16, 1995, with respect to the 7.75% Senior Notes due August 15, 2005 was filed with the Commission together with the Form F-9 of the Registrant on June 16, 1995 and with respect to the 8.75% Senior Notes due August 15, 2012 was filed with the Commission together with the Form F-9 of the Registrant on May 31, 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant certifies that it meets all of the requirements for filing on Form 40-F, and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

METHANEX CORPORATION

Date: March 28, 2003

By: /s/ RANDY MILNER

Name: Randy Milner
Title: Senior Vice President,
General Counsel & Corporate Secretary

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CERTIFICATIONS

I, Pierre Choquette, certify that:

1. I have reviewed this annual report on Form 40-F of Methanex Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (and persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 28, 2003

/s/ PIERRE CHOQUETTE

Pierre Choquette
President & Chief Executive Officer

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I, Ian Cameron, certify that:

7. I have reviewed this annual report on Form 40-F of Methanex Corporation;

8. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

9. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

10. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

11. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (and persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

12. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 28, 2003

/s/ IAN CAMERON

Ian Cameron
Senior Vice President, Finance
and Chief Financial Officer

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LIST OF EXHIBITS

Exhibit No.	Description
1.	Annual Information Form of the Registrant dated March 7, 2003.
2.	Management's Discussion and Analysis for the Year Ended December 31, 2002.
3.	Audited Consolidated Financial Statements of the Registrant for the year ended December 31, 2002 and the Independent Auditor's Report thereon.
4.	Reconciliation with United States Generally Accepted Accounting Principles of the Registrant.
5.	Consent of KPMG LLP dated March 7, 2003 and Report of Independent Accountants thereon.
99.1	Certification of Pierre Choquette, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	Certification of Ian Cameron, Senior Vice President, Finance and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 1



METHANEX CORPORATION

ANNUAL INFORMATION FORM

March 7, 2003

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REFERENCE INFORMATION

In this Annual Information Form ("AIF"), a reference to the "Company" refers to Methanex Corporation and a reference to "Methanex", "we", "us", "our" and similar words refer to the Company and its subsidiaries or any one of them as the context requires and their respective interests in joint ventures and partnerships.

The Company uses the US dollar as its reporting currency. Accordingly, unless otherwise indicated, all dollar amounts in this AIF are stated in US dollars.

In this AIF, unless the context otherwise indicates, all references to "methanol" are to chemical-grade methanol.

Approximate conversions of certain units of measurement used in this AIF into alternative units of measurement are as follows:

1 tonne	=	2,205 pounds or 1,000 kilograms
1 tonne of methanol	=	332.6 US gallons
1 gigajoule	=	0.948 million British thermal units or approximately 1,000 standard cubic feet of natural gas calculated on a higher heating value basis

Historical price data and supply and demand statistics for methanol contained in this AIF are derived by the Company from recognized industry reports regularly published by independent consulting and data compilation organizations in the methanol industry, including Chemical Market Associates Inc., DeWitt & Company Incorporated, Petrochemical Consultants International, SRI International, Tecnon (UK) Ltd. and Independent Commodity Information Services.

Responsible Care® is a registered trademark of the Canadian Chemical Producers' Association, used under license by us.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this document that are based on our current objectives, expectations, estimates and projections constitute forward-looking statements. Forward-looking statements are based on our experience, our perception of trends, current conditions and expected future developments as well as other factors. By their very nature, forward-looking statements involve assumptions, uncertainties and risks that may cause the stated outcome to differ materially from the actual outcome.

Important factors that can cause anticipated outcomes to differ materially from actual outcomes include but are not limited to worldwide economic conditions; conditions in the methanol and other industries, including the supply of methanol; demand for methanol and its derivatives such as methyl tertiary butyl ether ("MTBE"); actions of competitors; changes in laws or regulations; the ability to implement business strategies, pursue business opportunities and maintain and enhance our competitive advantage; the risks attendant with methanol production and marketing, including operational disruption; risks attendant with carrying out capital expenditure projects including the ability to obtain financing and completing the Atlas and Chile IV projects on time and on budget; availability and price of natural gas feedstock; the commercial acceptance of methanol for use as a fuel in fuel cell

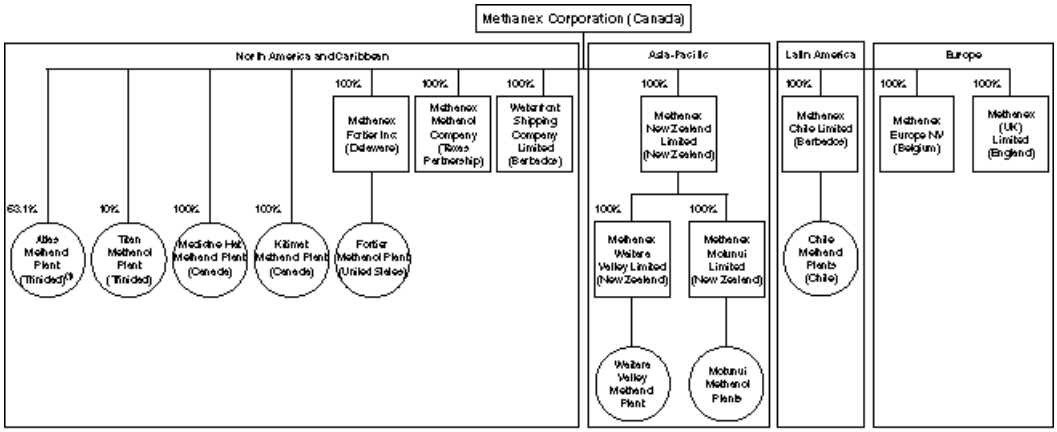
applications; foreign exchange risks; raw material and other production costs; transportation costs; the ability to attract and retain qualified personnel; risks associated with investments and operations in multiple jurisdictions; and other risks which we may describe in publicly available documents filed from time to time with securities commissions.

Having in mind these and other factors, investors and other readers are cautioned not to place undue reliance on forward-looking statements. We cannot guarantee that anticipated outcomes made in forward-looking statements will be realized and we do not undertake to update any forward-looking statements.

THE COMPANY

The Company was incorporated under the laws of Alberta on March 11, 1968 and was continued under the Canada Business Corporations Act on March 5, 1992. Our head office is located at 1800 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia V6C 3M1 (telephone: 604-661-2600).

The following chart includes the principal operating subsidiaries and partnerships of the Company as of December 31, 2002 and, for each subsidiary or partnership, its place of organization and the Company's percentage of voting interests beneficially owned or over which control or direction is exercised. The chart also shows our principal production facilities and their locations.



(1) The Atlas plant is currently under construction.

BUSINESS OF THE COMPANY

We are the world's largest producer and marketer of methanol. Methanol is a liquid commodity chemical produced primarily from natural gas and is typically used as a chemical feedstock in the manufacture of other products. Roughly three quarters of all methanol is used in the production of formaldehyde, acetic acid and a variety of other chemicals which form the basis of a large number of chemical derivatives. These derivatives are used in the manufacture of a wide range of products including building materials, foams, resins and plastics. The remainder of methanol demand comes from the fuel sector, principally as a component in the production of MTBE, which is blended with gasoline as a source of octane and as an oxygenate to reduce the amount of tailpipe emissions from motor vehicles. Methanol is also being used on a small scale as a direct fuel for motor vehicles and is actively being considered as a fuel for fuel cells. Due to the diversity of the end products in which methanol is used, methanol demand is influenced by a broad range of economic, industrial and environmental factors.

We operate methanol production facilities located in Chile, New Zealand and North America and source additional methanol produced by others throughout the world. In a joint venture with BP, we are currently building the world's largest methanol plant in Trinidad which we expect will commence commercial operation in early 2004. We sell methanol through an extensive global marketing and distribution system. This has enabled us to become the

largest supplier of methanol to each of the major international markets of North America, Asia Pacific and Europe as well as Latin America.

As a result of our worldwide production, marketing and distribution capabilities, we believe we have a competitive advantage as a supplier of methanol to major chemical and petrochemical producers for whom quality of service and reliability of supply are important. We believe we benefit from this competitive advantage through greater stability and security of demand, resulting marketing and transportation synergies, and an improved customer mix.

The following table shows certain financial and operating data for our operations:

Year ended December 31

(Revenue in millions of US dollars; Production and Sales Volume in thousands of tonnes)	2002	2001	2000
Revenue	$1,009	$1,149	$1,061
Methanol production	5,691	5,361	6,007
Methanol sales volume			
Company-produced product	5,686	5,390	5,815
Purchased product	809	1,280	814
Commission sales[(1)]	725	720	142
Total methanol sales volume	7,220	7,390	6,771

(1) Sales of methanol from the 850,000 tonne per year Titan plant in Trinidad. Methanex markets 100% of Titan's production. The commission income is included in revenues.

Our operations consist of the production and sale of methanol, which constitutes a single operating segment. See "Selected Consolidated Financial Information – Segmented Information" on page 16.

DEVELOPMENT OF THE BUSINESS AND CORPORATE STRATEGY

Since the early 1990s, we have expanded our global methanol production and marketing reach and have carried out a strategy designed to enable us to become a low cost producer and preferred supplier in the methanol industry. As a result of this strategy, we have developed a global presence in the methanol industry, allowing us to provide reliable, efficient and cost-effective delivery of methanol from geographically diverse locations to customers in the world's methanol markets.

Our primary objective continues to be to maintain and enhance our leadership in the production, marketing and delivery of methanol to our customers. The key elements of our strategy to achieve this objective are:

- striving at all times to reduce all aspects of our cost structure;
- maintaining our world leadership in methanol marketing, logistics and sales; and
- focusing on operational excellence in manufacturing and other key areas of our business.

Reducing Our Cost Structure. We believe that a low cost structure is critical to maintaining a strong competitive position. The most significant component of our cost structure is natural gas for feedstock and, accordingly, access to low cost natural gas is a critical success factor for our business. In the mid-1990s we began to reduce our operating exposure to the volatile North American natural gas market by shutting down higher cost plants in North America and constructing new facilities with long-term, low cost natural gas supply contracts. We started production at new plants in Chile in 1996 and 1999, representing approximately 2.1 million tonnes of capacity under low cost 20 year natural gas contracts, permanently shut down higher cost plants in Canada in 1997 and 1999 and shut down higher cost plants in Louisiana in 1999 and in Canada in 2001. Initiatives such as these have reduced our North American production from 49% of total production in 1994 to 8% in 2002.

We continue to take steps to strengthen our position as a low cost global producer. We are currently constructing the 1.7 million tonne per year Atlas methanol plant in Trinidad, a joint venture between BP and us. This project is underpinned by a long term natural gas contract and will serve as a low cost hub to supply the North American and Western European markets. In December 2002, we completed project financing for Atlas. In early 2002, we entered into a new seven year agreement with the natural gas distribution company that services the

Kitimat facility which lowers the firm transportation toll by 50% without limiting the operating flexibility of the Kitimat facility. We are also constructing an 840,000 tonne per year expansion of our methanol production hub in Chile, expected to be completed in early 2005. This expansion has a 20 year natural gas supply contract. At the same time, the gas contracts for the existing Chilean plants were extended as far out as 2029.

As part of our strategy to maintain our strong position in Asia Pacific we are advancing plans to provide long-term, secure supply to the region. In February 2003, an independent expert redetermined the economically recoverable gas reserves from New Zealand's Maui gas field. This field is the source of most of the gas used at our New Zealand facilities. While we have always anticipated reduced gas availability from the Maui field over the next few years, the redetermination means that we lose substantially all of our remaining contractual entitlements from the Maui field. In view of this reduction in natural gas entitlements for our New Zealand facilities and uncertainty over our ability to acquire additional gas, new production will be required to underpin our market position in Asia.

Distribution costs from our plants to major markets are also a significant part of our cost structure. Over the last few years we have taken a number of steps to reduce these costs, in part by seeking to take advantage of our large production hubs. For example, in early 2000, we started using the 100,000 dead weight tonne Millennium Explorer, the world's largest chemical tanker, to transport methanol from Chile to Europe and the United States, which significantly reduced our logistics costs on these routes. In mid-2000, we completed construction of a terminal in Korea that has allowed us to more efficiently and cost-effectively service our customer base in northeast Asia. We also seek to take advantage of prevailing conditions in the shipping market by varying the type and length of term of our ocean shipping contracts. We are planning to increase the number of in-market terminal storage facilities, particularly in Asia, to further improve the efficiency and cost-effectiveness of servicing our customers. We also look for opportunities to enter into product exchanges to reduce duty and other distribution costs.

We believe our access to low cost natural gas and our initiatives in reducing our distribution costs have allowed us to be a low cost supplier in the markets we serve.

Maintaining our world leadership in methanol marketing, logistics and sales. We sell methanol through an extensive global marketing and distribution system. We believe this has enabled us to become the largest supplier of methanol to each of the major international markets of North America, Asia Pacific and Europe, as well as Latin America. In 2000, we acquired Saturn Methanol Company, its rights to market 100% of the output from the 850,000 tonne per year Titan methanol plant located in Trinidad and its 10% interest in the Titan plant. In 2001, we acquired Beacon Group Energy Investment Fund's right to participate in the Atlas methanol project located adjacent to the Titan plant and an option to purchase Beacon's 75% interest in the Titan plant. We are currently examining the merits of increasing our interest in the Titan plant. In 2002 we also entered into an agreement to market export volumes from YPF/Repsol's new 400,000 tonne per year methanol plant in Argentina. This agreement provided us with access to methanol supply for the Atlantic basin following the expiry in the second quarter of 2002 of our agreement to market 500,000 tonnes annually from the CMC Trinidad facility.

We continue to pursue opportunities that allow us to maintain our market leadership. For example, during 2002 we initiated a posted pricing mechanism from methanol in all major markets which we believe has improved the process of price settlements. We have also launched e-commerce platforms focused on key customer connectivity in North America and Asia Pacific and plan to provide on-line inventory management services, further integrating our distribution network with our customers.

We have played a role in the consolidation of the methanol industry and have positioned ourselves as the supplier of choice for global methanol producers as they face the decision of producing or purchasing their methanol feedstock requirements. Over the past five years, we have shut down, either permanently or for an indeterminate period, 1.7 million tonnes of our own higher cost capacity. Other producers have also shut down plants, allowing us to gain new customers. For example, in 2000 we entered into long-term arrangements with BP and Sterling Chemicals to supply BP's methanol needs and exercised our option to idle Sterling's 450,000 tonne per year methanol plant. In 2000 we also acquired ICI's methanol assets located primarily in the United Kingdom, including a customer base and logistics infrastructure but excluding the 500,000 tonne per year methanol plant which ICI closed thereafter. In December 2002, we entered into an exclusive agreement with Lyondell Chemical Company to supply their methanol feedstock requirements in North America and Europe. The agreement commenced in January 2003 and will be phased in over time. We will also acquire Lyondell's methanol customer list and a number of contracts in North America effective January 2004 and obtain certain production rights to its 750,000 tonne per year methanol facility in Texas during 2004.

We believe that it is important to exhibit manufacturing and technological leadership and to play a role in developing new markets for methanol. We are developing opportunities in natural gas-based technology innovation and fuel cells where methanol is a potential fuel. With Synetix, we constructed a materials demonstration unit to validate proprietary technology for large-scale synthesis gas production. Commercial success of this technology should provide us with a competitive advantage in terms of scale and economics in methanol production and may help facilitate methanol demand growth. We also made an equity investment in Cellex Power Products, a developer and innovator of fuel cell product solutions for use in industrial power applications to better understand this sector where we are seeking opportunities to demonstrate how methanol can be delivered and used in a safe and cost effective manner. Through the California Fuel Cell Partnership we have sponsored the opening of a methanol fuel service station in California and have been involved in the development of a methanol fuelling mechanism.

Focusing on operational excellence in manufacturing and other key areas of our business. We believe that methanol consumers view reliability of supply as critical to the success of their businesses. In order to differentiate ourselves from our competitors, we strive to be a premier operator in all aspects of our business. Our goal is to build new and efficient plants on time and deliver product to our customers reliably and cost effectively. Through our Responsible Care program we have achieved an excellent overall environmental and safety record at all of our facilities. This reduces the likelihood of unscheduled shutdowns and lost time accidents. Our focus on operational excellence includes both excellence in our manufacturing process and in the leadership of our human resources. By maintaining and improving our plant operating reliability, we believe we have become a preferred supplier of methanol globally.

Our focus on operating excellence includes excellence in the management of our finances. We operate in a highly competitive cyclical industry. Accordingly, we believe it is important to maintain financial flexibility throughout the methanol industry cycle and we have deliberately adopted a prudent approach to our liquidity. We have similarly established a disciplined approach to capital spending and have set minimum target return criteria for methanol capacity additions and other investments. We are focused on financial discipline and value creation.

METHANOL INDUSTRY INFORMATION

General

Methanol (chemical formula CH_3OH and also known as methyl alcohol) is a clear colorless liquid which is typically used as a chemical feedstock in the manufacture of other products.

Roughly three-quarters of all methanol is used in the production of formaldehyde, acetic acid and a variety of other chemicals which form the foundation of a large number of chemical derivatives. These derivatives are used in the manufacture of a wide range of products including plywood, particleboard, foams, resins and plastics. The remainder of methanol demand is in the fuel sector, principally as a component in the production of MTBE, which is blended with gasoline as a source of octane[(1)] and as an oxygenate [(2)] to reduce the amount of harmful exhaust emissions from motor vehicles. Methanol is also being used on a small scale as a direct fuel.

Methanol is a typical commodity chemical and the methanol business is characterized by cycles of oversupply resulting in lower prices and idling of capacity, followed by periods of shortage and rising prices as demand catches up and exceeds supply until increased prices lead to new plant investment or the re-start of idled capacity. In addition, the expanding number of different uses for methanol and its derivatives over the last several years has resulted in the methanol market becoming more complex and subject to increasingly diverse influences.

Demand Factors

Reflecting the diversity of its uses, methanol demand is influenced by a wide range of economic, industrial and environmental factors. The demand for methanol has two primary components: for use in the production of formaldehyde, acetic acid and other chemicals (“chemical derivative demand”) and for the production of MTBE and for use as a fuel (“MTBE and fuel demand”). Historically, chemical derivatives have accounted for the bulk of methanol demand. Because of the importance and relative stability of chemical derivative demand, methanol

(1) “Octane” is used in broad terms to denote the “octane number” specification commonly associated with gasoline.
(2) An “oxygenate” contains oxygen and improves the combustion of gasoline in engines, thus reducing emissions.

traditionally had been considered to be a mature commodity. However, in recent years, MTBE demand has become increasingly important and methanol is actively being considered as a fuel for fuel cells.

Chemical Derivative Demand. Methanol makes up approximately 45% of formaldehyde by weight. The largest use for formaldehyde is as a component of urea-formaldehyde and phenol-formaldehyde resins, which are used as wood adhesives for plywood, particleboard, oriented strand board, medium-density fibreboard and other reconstituted or engineered wood products. There is also demand for formaldehyde as a raw material for engineering plastics and in the manufacture of a variety of other products, including elastomers, paints, building products, foams, polyurethane and automotive products.

Methanol makes up approximately 55% of acetic acid by weight. Acetic acid is a chemical intermediate employed principally in the production of vinyl acetate monomer ("VAM"), acetic anhydride, purified terephthalic acid and acetate solvents, which are used in a wide variety of products including adhesives, paper, paints, plastics, resins, solvents, pharmaceuticals and textiles. The acetic acid industry has been benefiting from increasing demand for water-based solvents produced with VAM for use in paints and adhesives due to environmental concerns associated with emissions of volatile organic compounds from other types of solvents.

As a basic chemical building block, methanol is also used in the manufacture of methylamines, methyl methacrylate and a diverse range of other chemical products, which in turn are ultimately used to make such products as adhesives, coatings, plastics, film, textiles, paint, solvent, paint remover, polyester resins and fibres, explosives, herbicides, pesticides and poultry feed additives. Other end-uses include silicone products and as a substitute for chlorofluorocarbons in aerosol products. Methanol is also used as a de-icer and windshield washer fluid for automobiles and as an antifreeze for pipeline dehydration.

Reflecting the diversity of methanol's end-use products, growth in chemical derivative demand is generally linked to economic growth. The use of formaldehyde, acetic acid and other products in the building industry means that building and construction cycles and the level of wood production, housing starts, refurbishments and consumer spending are important factors in determining the level of chemical derivative demand. Demand is also affected by automobile production, durable goods production, industrial investment and environmental and health trends, as well as new product development in the panelboard and plastic packaging industries. Historically, chemical derivative demand for methanol has been relatively insensitive to changes in methanol prices. We believe this demand inelasticity is due to the fact that there are few cost-effective substitutes for methanol-based chemical derivative products and because methanol costs typically account for only a small portion of the value of many of the end products.

MTBE and Fuel Demand. Methanol makes up approximately 36% of MTBE by weight. MTBE is used primarily as a source of octane and as an oxygenate for gasoline. MTBE was developed as a source of octane when unleaded gasolines were introduced. Over the past several years environmental concerns and legislation have also increased demand for MTBE as an oxygenate in gasoline in order to reduce automobile tailpipe emissions. Worldwide methanol demand for MTBE was approximately 7.6 million tonnes in 2002. Approximately half (3.8 million tonnes) of methanol demand for MTBE was in the United States and 1.3 million tonnes of this demand was for MTBE consumed in California. In the US, MTBE's value as an oxygenate became the most significant factor in its use. As discussed in more detail below, California and other states in the US, as well as the US federal government, have initiated actions that may limit, or even eliminate, the use of MTBE as a gasoline component in the United States.

Originally, one of the most important factors in the increased demand for MTBE as an oxygenate in the US arose from the implementation of the 1990 amendments to the United States Clean Air Act (the "Clean Air Act"). The Clean Air Act requires the use of cleaner burning oxygenated gasolines under two programs: the winter-time oxygenated fuel (oxy-fuel) program which was introduced in 1992 and the year-round reformulated gasoline (RFG) program which was introduced in 1995. Both programs were designed to achieve a minimum oxygen content in gasoline. Although ethanol (which is primarily produced from corn in the United States) is also one of the oxygenates approved for use under the Clean Air Act, MTBE quickly became the oxygenate of choice of the refining industry due to its cost, compatibility with the gasoline blending and distribution systems and its availability.

Gasoline containing MTBE, which is more easily detectable in water than other gasoline components, has leaked into groundwater principally from underground gasoline storage tanks and has been discharged directly into drinking water reservoirs. California and other states in the US, as well as the US federal government, have initiated

actions that may limit, or even eliminate, the use of MTBE as a gasoline component in the United States and this is a major issue for our industry. California and New York have both passed legislation banning MTBE effective January 1, 2004. Gasoline producers in California have commenced the process, or have announced their intention, to phase out MTBE. At the US federal government level there have been proposals to ban MTBE, however, to date, no legislation has been passed. We believe it is likely, however, that over time the demand for methanol for MTBE consumed in the United States will be reduced, or possibly eliminated, as a result of these developments. Limiting or eliminating the use of MTBE in gasoline in California or more broadly in the US will reduce demand for MTBE and methanol in the US and negatively impact the viability of MTBE and methanol plants (such as our Fortier facility) in the US

Elsewhere in the world, MTBE continues to be used as a source of octane, but with growing usage for its clean air benefits. We believe the largest potential for MTBE growth is outside the United States. Our belief is based on the actions being taken around the world to reduce lead, benzene and other aromatics content in gasoline and to improve the emissions performance of vehicles generally. Implementation of clean air standards is continuing in Western Europe and in December 2001, the European Union confirmed the suitability and continued use of MTBE as a fuel component. Demand for MTBE in Asia is also increasing as many countries work towards removing lead and aromatics from gasoline to improve air quality. Also, we believe that the Middle East represents sizeable incremental demand for MTBE.

We are claiming damages under the provisions of the North American Free Trade Agreement ("NAFTA") as a result of California's decision to ban MTBE. In 2002, the NAFTA tribunal issued a preliminary award relating to the jurisdiction of the tribunal to adjudicate the claim and we filed a fresh pleading as requested by the tribunal. The tribunal has not yet published its ruling on the jurisdiction issue. If the tribunal rules that it has jurisdiction to adjudicate the claim, the process will proceed to the merits of the claim. At present, we cannot determine what the final disposition of our NAFTA claim will be.

Over the longer term, methanol has potential to power fuel cells, an alternative means of generating electrical energy in an environmentally friendly manner that does not use traditional combustion. We are devoting resources to the advancement of new technologies and are supporting the development of infrastructure to supply methanol for use in fuel cells.

Supply Factors

While a significant amount of new methanol capacity came on-stream from 1998 to 2002, a large number of high cost North American and European producers shut down plants that remain shut down. In addition, the industry has consistently operated significantly below stated capacity, even in periods of high methanol prices and margins, due primarily to shutdowns for planned and unplanned repairs and maintenance.

Newer methanol plants are generally constructed in remote coastal locations with access to low cost natural gas, although this advantage is sometimes offset by higher distribution costs due to their distance to major markets. There is typically a span of two and one-half to four years to plan and construct a new methanol plant. The only new capacity to start production in 2002 was a 400,000 tonne facility in Argentina owned by YPF/Repsol. We entered into a contract to market all export volume from this plant for approximately two years. Production from our New Zealand facilities is expected to decline from approximately 2.3 million tonnes in 2002 to approximately one million tonnes in 2003 as a consequence of the reduction of our gas entitlements from the New Zealand Maui gas field. (Please refer to page 12 for more information on this matter.) We expect the next increment of capacity to be our 1.7 million tonne Atlas facility in Trinidad which is expected to start commercial production in early 2004. The planned one million tonne NPC methanol facility in Iran is expected to be the second increment of new capacity in 2004.

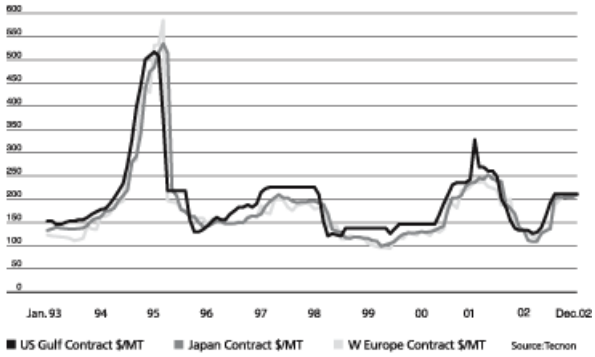
Additional methanol supply can potentially become available by re-starting methanol plants whose production has been idled, by carrying out major expansions of existing plants and by debottlenecking existing plants to increase their production capacity. In addition to the idled capacity that we have under our control, we also have certain production rights during 2004 to Lyondell's 750,000 tonne per year methanol plant in Texas. Typical of most cyclical commodity chemicals, extended periods of relatively high methanol prices encourage construction of new plants and major expansion projects, leading to the possibility of an oversupply in the market.

With approximately 25% of global methanol market share, we intend to maintain and enhance our strong competitive position in the methanol industry and we continue to look at opportunities to underpin our sales volumes with new low cost methanol production capacity.

Methanol Prices

Methanol is an internationally traded commodity. Methanol prices have historically been volatile and have been sensitive to overall production capacity relative to demand, the price of natural gas feedstock and general economic conditions. In addition, the price of natural gas in North America impacts the cash production cost of North American methanol producers. Historically, this cost affects the minimum expected methanol selling price in North America.

The following chart shows methanol contract prices (in US dollars per tonne) in the world's major methanol markets:



Methanol prices in the United States, Europe and Asia Pacific have largely tracked each other, though often with leads or lags. In times when prices in different markets diverge, product from offshore suppliers moves into the higher priced market, bringing the prices in different markets back into alignment.

The majority of methanol sold in the United States is priced with reference to published contract prices to which discounts may be applied. Spot market transactions are widely reported in weekly industry newsletters. The Rotterdam contract price is the main price benchmark for Europe, to which discounts may be applied. As with the US market, spot transactions also occur. The third major market, Asia Pacific, has contract prices which are either based on a formula primarily related to the US and European contract prices or based on regional market conditions. Discounts may be applied and spot transactions also occur.

PRODUCTION

Production Processes

The methanol manufacturing process typically involves heating natural gas, mixing it with steam and passing it over a nickel catalyst, where the mixture is converted into carbon monoxide, carbon dioxide and hydrogen. This reformed gas (also known as synthesis gas) is then cooled, compressed and passed over a copper-zinc catalyst to produce crude methanol. Crude methanol consists of approximately 80% methanol and 20% water by weight. To produce chemical-grade methanol, crude methanol is distilled to remove water, higher alcohols and other impurities.

Operating Data and Other Information

We endeavor to operate our production facilities around the world in an optimal manner, by balancing our production with customer demand throughout our global supply chain and by taking advantage of our operating flexibility to switch production to the lowest cost plants to lower our overall delivered cost of methanol. Scheduled shutdowns of plants every three or more years are necessary to change catalysts or perform maintenance activities which cannot otherwise be completed with the plant on-line (a process commonly known as a turnaround) and these shutdowns typically take between three and four weeks. Catalysts generally need to be changed every four years, although there is flexibility to extend catalyst life if market conditions warrant, at the expense of some production efficiency or capacity. Careful planning and scheduling is required to ensure that maintenance and repairs can be carried out during turnarounds. In addition, both scheduled and unscheduled shutdowns may also occur between turnarounds. We prepare a comprehensive eight-year turnaround plan which is updated annually for all of our production facilities.

The following table sets forth certain operating data and other information for our methanol operations at each of our existing facilities:

	Year Built	Operating Capacity[1]	2002 Production	2001 Production
		(tonnes/year)	(tonnes)	(tonnes)
Punta Arenas, Chile				
Chile I	1988	925,000	895,049	878,437
Chile II	1996	1,010,000	997,294	840,910
Chile III	1999	1,065,000	1,039,364	1,064,303
Waitara Valley, New Zealand[2]	1983	530,000	466,959	404,901
Motunui, New Zealand[2]	(3)	1,900,000	1,814,418	1,727,428
Kitimat, Canada[4]	1982	500,000	477,897	249,530
Medicine Hat, Canada				
Plant 3[5]	1981	470,000	0	195,788
Fortier, United States[6]	1994	570,000	0	0
Total		6,970,000	5,690,981	5,361,297

(1) Actual operating rates can vary.

(2) Our ability to operate the New Zealand plants at capacity has been significantly impacted as a consequence of the reduction of our gas entitlements from the Maui gas field. Please refer to page 12 for more information on this matter.

(3) The facilities at Motunui, New Zealand were constructed between 1990 and 1995.

(4) Kitimat was temporarily shut down from July 1, 2000 until June 30, 2001.

(5) Medicine Hat Plant 3 was shut down in June 2001 for an indeterminate period of time.

(6) Fortier was idled in March 1999.

METHANOL MARKETING

We sell methanol on a worldwide basis to every major market through an extensive marketing and distribution system with marketing offices in North America (Dallas and Vancouver), Europe (Brussels and Billingham, England), Asia Pacific (Auckland, Shanghai, Tokyo and Seoul) and Latin America (Santiago, Chile).

We have a three-pronged methanol marketing strategy: to develop and maintain a strong customer base in the methanol markets of North America, Europe, Asia Pacific and Latin America as well as in other markets which are

strategically located in relation to our production facilities; to form direct customer relationships rather than sell to methanol traders; and to secure and maintain long-term sales contracts with major end-users.

We believe our ability to sell methanol from our geographically dispersed, multiple production sites enhances our ability to secure major chemical and petrochemical producers as customers, for whom reliability of supply and quality of service are important. Our network of marketing offices, together with our storage and terminal facilities and worldwide shipping company, also allow us to provide larger customers with multinational sourcing of product and other customized arrangements. As a result of our worldwide production, marketing and distribution capabilities, we are a preferred supplier in the methanol industry and the largest supplier to each of the major international methanol markets.

We augment our marketing operations by identifying surplus product from other producers and buying in the US and European methanol spot markets. This enables us to service a portion of the contract and spot requirements of our customers when the economics are favorable. We continually evaluate our ability to cost-effectively serve markets from our facilities and we maintain internal flexibility to quickly decide whether to produce or buy methanol. Methanol that is purchased outside of contracted offtake arrangements also provides us the opportunity to build our sales base prior to bringing on our own new capacity.

Currently, about 90% of our sales are covered by long-term or rolling one-year sales contracts. Pricing formulas under these contracts are generally determined on the basis of posted contract or other market prices at the time of shipment. Sales contracts generally specify a minimum and maximum volume and may include a “meet or release” clause that enables the customer to temporarily suspend the contract if another supplier of methanol offers a more favorable price. No one customer accounted for more than 10% of total revenue in 2002.

We engage in additional merchant methanol marketing through the purchase of methanol produced by others. We have a long term contract to market the entire output of the 850,000 tonne per year Titan facility in Trinidad and a contract to market, until April 2004, up to approximately 300,000 tonnes annually produced from the Repsol/YPF plant in Argentina. We source additional methanol through the US and European methanol spot markets. Our total annual sales volume of methanol sourced from third parties for resale in 2002 was approximately 1.5 million tonnes compared to approximately 2 million tonnes in 2001.

Trade in methanol is subject to duty in a number of jurisdictions. See “Foreign Operations and Government Regulation” on page 13 for more information.

METHANOL DISTRIBUTION AND LOGISTICS

The cost of methanol distribution represents a significant portion of our total costs and is important to our overall profitability. Our facility in Chile supplies customers primarily in Europe and the US and the New Zealand plant primarily supplies customers in Asia Pacific. The Kitimat plant is capable of supplying the Asia Pacific, US and Western Canada markets. The Medicine Hat facility, currently idle, would supply customers in Canada and the US.

Methanol is pumped from our coastal plants by pipeline to adjacent deep-water ports for shipping. We manage a fleet of time-chartered vessels to ship this methanol. In order to retain optimal flexibility in the management of the fleet, we have entered into short-term and long-term time-charters covering vessels with a range of capacities. We also ship methanol under contracts of affreightment and through spot arrangements. We use larger vessels as key elements in our supply chain to move product from our production facilities to storage facilities located in major ports. We use smaller vessels capable of entering into restricted ports to deliver directly to customers. We also lease or own storage and terminal facilities in the US, Canada, Europe and Asia. In North America and Europe we use barge, rail and, to a lesser extent, truck transport in our delivery system.

NATURAL GAS SUPPLY

General

Natural gas is the principal feedstock for methanol and accounts for a significant portion of its total production costs. Accordingly, our profitability depends in large part on both the security of supply and the price of natural gas. Part of our long-term strategy has been to secure continuity of gas supply at favorable prices through a combination of long-term contracts and activity in the open market. Since we are able to deliver methanol to our customers from

a number of production facilities located throughout the world, dependency on any one source of gas as well as the impact of gas market conditions in any one production region is diminished.

If, for any reason, we are unable to obtain sufficient natural gas for any of our plants on commercially acceptable terms, we could be forced to curtail production or close such plants.

Chile

The Chile IV expansion project, approved in 2002, enabled the extension of all current natural gas supply contracts. Natural gas for the Chile I, II and III plants, originally supplied under contracts terminating between 2009 and 2019, now is supplied under contracts terminating between 2025 and 2029. Natural gas for Chile IV will be supplied under contracts expiring in 2025. The majority of the natural gas for the Chilean facilities is supplied from suppliers in Argentina with the remainder supplied by Empresa Nacional del Petroleo de Chile.

The purchase price of natural gas for the Chilean facilities is based on a minimum US dollar price adjusted by a formula related to prevailing methanol prices. Under the terms of the contracts, the sellers are obligated to supply, and we are obligated to take or pay for, a specified annual quantity of natural gas. We also have an option to purchase up to an additional specified amount each year.

New Zealand

Natural gas for the Waitara Valley and Motunui plants is sourced primarily from the Maui field, which in 2002 accounted for approximately 70% of our total gas use and 75% of New Zealand's total production of natural gas.

We purchase natural gas from the Maui field under contracts with the New Zealand Government and with Contact Energy. Our contractual entitlements to take Maui gas under these contracts are subject to reduction if the Maui gas field reserves are redetermined under the head contract between the owners of the Maui field and the New Zealand Government to a level below a specified quantity (essentially representing the aggregate of current contracted quantities). In December 2001, the owners of the Maui field initiated, in accordance with the contract with the New Zealand Government, a redetermination of the economically recoverable natural gas of the Maui field. In June 2002, the owners of the Maui field, the New Zealand Government and the various downstream gas users, including us, agreed to have an independent expert redetermine the Maui reserves by way of an arbitration process. On February 6, 2003, the independent expert issued his final redetermination report, determining reserves at a level that are substantially lower than the aggregate of contracted quantities under the Maui head contract. The effect of the final report is that we will lose substantially all of our remaining contractual natural gas entitlements from the Maui field. Based on the results of the final report, we have sufficient contracted natural gas entitlements from all sources as at February 6, 2003 to produce a total of approximately 800,000 tonnes of methanol from our New Zealand plants.

Our remaining gas entitlements are comprised of gas from the McKee, Mangahewa and Kapuni fields, together with a small amount of Maui gas. We continue to seek new supplies of gas to extend the life of the New Zealand plants, however, there can be no assurance that we will be able to secure additional natural gas on commercially acceptable terms.

Canada

We source natural gas for our Kitimat plant from the gas fields of northeastern British Columbia where substantial volumes of gas are available, a situation that is expected to continue for the foreseeable future. Gas for the Kitimat plant is purchased directly from producers or other marketers under firm, short-term index-priced contracts. British Columbia gas prices are set in a competitive market and are subject to fluctuation.

Natural gas purchased for the Kitimat plant is transported through pipeline transmission systems operated by Duke Gas Transmission ("Duke") and its affiliate, Pacific Northern Gas ("PNG"). The PNG pipeline extends from the Duke main line to Kitimat and the gas delivered to the Kitimat plant represents approximately 65% of PNG's total daily volume in its pipeline system under normal conditions. PNG and Duke are each regulated public utilities whose tolls, rates and tariffs for processing and transporting gas are approved and set by government agencies through a public hearing process. In March 2002 we entered into an agreement with PNG to replace all of the existing contracts with a new take-or-pay contract. The new contract, which became effective in November 2002 and terminates in 2009, establishes fixed transportation rates for the entire term and substantially reduces our natural gas transportation costs for the Kitimat plant. We have an obligation to supply hydrogen until 2011 to Pacific

Ammonia (“PAI”) for a portion of its ammonia facility that is located on the Kitimat plant site. Historically, this hydrogen has been supplied to PAI as a by-product of the methanol production process.

In June 2001 we shut down the Medicine Hat facility for an indeterminate period. Natural gas for the Medicine Hat facility is sourced from Alberta fields which offer substantial volumes of available gas and may be purchased from various suppliers under contracts with various pricing mechanisms. Quantities may also be purchased on the daily spot market to balance production. Alberta gas prices are set in an intensely competitive market and are subject to fluctuation.

United States

The Fortier plant, currently idle, is located near the Henry Hub, Louisiana, an area characterized by an abundant supply of natural gas and available gas pipeline transportation. Natural gas transportation is available from a number of pipeline operators at competitive rates. Natural gas is also readily available from a combination of marketers and producers under contracts with various pricing mechanisms. As Henry Hub is a national price reference point, the market is intensely competitive and gas prices can fluctuate widely.

FOREIGN OPERATIONS AND GOVERNMENT REGULATION

General

Our operations in Canada, the US, Chile, New Zealand, Europe and elsewhere are affected by political developments and by federal, provincial, state and other local laws and regulations. To date, we have been able to substantially comply in all material respects with governmental requirements without incurring significant costs.

We are subject to risks inherent in foreign operations, including loss of revenue, property and equipment as a result of hazards such as expropriation, nationalization, war, insurrection, acts of terrorism and other political risks; risks of increases in duties, taxes and governmental royalties and renegotiation of contracts with governmental entities; as well as changes in laws and policies governing operations of foreign-based companies.

In addition, because the Company derives a substantial portion of its revenues from production and sales by subsidiaries outside of Canada, the payment of dividends or the making of other cash payments or advances by these subsidiaries to the Company may be subject to restrictions or exchange controls on the transfer of funds in or out of the respective countries or result in the imposition of taxes on such payments or advances. We have organized our foreign operations in part based on certain assumptions about various tax laws (including capital gains and withholding tax), foreign currency exchange and capital repatriation laws and other relevant laws of a variety of foreign jurisdictions. While we believe that such assumptions are correct, there can be no assurance that foreign taxing or other authorities will reach the same conclusion. Further, if such foreign jurisdictions were to change or modify such laws, we could suffer adverse tax and financial consequences.

Trade in methanol is subject to duty in a number of jurisdictions and is paid by customers or distributors except for New Zealand and Chilean methanol sold in the US where applicable duties are 6.8%. Under the US Generalized System of Preferences, methanol imported into the US from Chile is exempted from duty when certain conditions are met. Chilean methanol is sold into the European Community duty-free. Although we do not currently pay any duties in any other major market to which we export product, there can be no assurance that such duties will not be levied in the future or, in such event, that we would be able to mitigate the impact on our business of such duties through techniques such as physical swaps of methanol which we have used to minimize the impact of duties in the past.

Chile

Methanex Chile Limited (“Methanex Chile”) is an indirectly wholly owned subsidiary of the Company, owns the Chile I, Chile II and Chile III plants and is currently constructing the Chile IV plant. Chilean foreign investment regulations provide certain benefits and guarantees to companies which enter into a foreign investment contract (“DL 600 Contract”) with the Government of Chile. Methanex Chile has entered into three substantially identical DL 600 Contracts, one for each of the three existing plants.

Under the DL 600 Contracts, Methanex Chile is authorized to remit from Chile in US dollars or any other freely convertible currency all or part of its profits and, after one year, its equity. Methanex Chile also has the right under the DL 600 Contracts to pay income taxes at a fixed rate of 42% for twenty years. Alternatively, Methanex

Chile can make an irrevocable election to pay income tax at the general applicable rates, currently 35%. As of December 31, 2002, Methanex Chile has not made this election.

The DL 600 Contracts provide that they cannot be amended or terminated except by written agreement of Methanex Chile.

New Zealand

The New Zealand Government imposes a levy on the producers of natural gas in New Zealand. This levy applies to gas from the Maui and Kapuni fields at the fixed rate of NZ$0.45 per gigajoule. In line with gas industry practice, our New Zealand gas supply contracts specify that an amount equal to the levy is to be paid by us in addition to the base contract purchase price of gas. Accordingly, if the government were to change the amount of the levy, this would have a direct effect on the gas costs incurred by us.

The New Zealand Government also has the power to impose constraints on the demand, manufacturing, export and distribution of petroleum products (including methanol). This gives the government power to deal with a petroleum supply shortage or strategic need upon a basis similar to laws enacted in a number of countries during the oil shortages of the 1970s and early 1980s. Accordingly, the government's powers to intervene in the oil and gas industry are broad and override contractual and other private sector arrangements.

New Zealand enacted legislation in 1986 to safeguard claims by Maori tribes (the indigenous people of New Zealand) against lands previously owned by state-owned enterprises and subsequently privatized. The land on which certain parts of the infrastructure for the Waitara Valley and Motunui plants are located (for example, a tank farm and various pipelines and pipeline valve and mixing stations) are subject to this legislation. There is a possibility that the tribunal which deals with Maori land claims could recommend the return of such land to Maori ownership. The New Zealand Government would be required to comply with such a recommendation, subject to payment of compensation to the affected owner. We believe that, subject to receiving adequate compensation, such a forced divestment would not likely have a material adverse effect on our operations or financial condition. The land upon which the Waitara Valley and Motunui plants are located and the surrounding buffer zones of farmland owned by us are not subject to such forced divestment procedures.

We are not subject to any exchange control or other governmental restrictions relating to the movement of money into or out of New Zealand.

ENVIRONMENTAL MATTERS

Canada, the US, Chile, New Zealand and other countries in which we store or transport methanol all have laws governing the environment and the management of natural resources as well as the handling, storage, transportation and disposal of hazardous or waste materials. We are also subject to laws governing the import, export, use, discharge, storage, disposal and transportation of hazardous substances. The substances we use and produce are subject to regulation under various health, safety and environmental laws. Non-compliance with these laws and regulations may give rise to work orders, fines, injunctions, civil liability and criminal sanctions.

As a result of periodic external and internal audits, we believe that we are currently in substantial compliance in all material respects with all existing environmental, health and safety laws and regulations to which our operations are subject. Laws and regulations protecting the environment have become more stringent in recent years and may, in certain circumstances, impose absolute liability rendering a person liable for environmental damage without regard to negligence or fault on the part of such person. Such laws and regulations may expose us to liability for the conduct of, or conditions caused by others, or for our own acts which complied with law at the time such acts were performed. To date, environmental laws and regulations have not had a material adverse effect on us. However, the ongoing operations of petrochemical manufacturing plants entail risks in this area and there can be no assurance that material costs or liabilities will not be incurred.

As a member of the Canadian Chemical Producers' Association in Canada, the American Chemistry Council in the US, ASIQUIM (Asociacion Gremial de Industriales Quimicos de Chile) in Chile and the Chemical Industry Council in New Zealand, we are committed to the ethics and principles of Responsible Care. Accordingly, we have established policies, systems and procedures to promote and encourage the responsible development, introduction, manufacture, transportation, storage, handling, distribution, use and ultimate disposal of chemicals and

chemical products so as to minimize adverse effects on human health and well-being, the environment and the communities in which we operate.

INSURANCE

The majority of our revenues are derived from the sale of methanol produced at our plants. Our business is subject to the normal hazards of methanol production operations that could result in damage to our plants. Under certain conditions, prolonged shutdowns of plants due to unforeseen equipment breakdowns, interruptions in the supply of natural gas, power failures, loss of port facilities or any other event, including any event of force majeure, could materially adversely affect our revenues and operating income. We maintain insurance, including business interruption insurance, that we consider to be adequate under the circumstances. However, there can be no assurance that we will not incur losses beyond the limits or outside the coverage of such insurance. From time to time, various types of insurance for companies in the chemical and petrochemical industries have been very expensive or, in some cases, unavailable. There can be no assurance that in the future we will be able to maintain existing coverage or that premiums will not increase substantially.

COMPETITION

The methanol industry is highly competitive. Competition is based primarily on price and reliability of supply. The relative cost and availability of natural gas and the efficiency of production facilities are also important competitive factors. Because of our ability to service our customers globally, the reliability and cost-effectiveness of our distribution system and the enhanced service we provide our customers, we believe we are well positioned to compete in each of the major international methanol markets.

EMPLOYEES

As of December 31, 2002, we had 824 employees. Other than certain of the maintenance workers at our New Zealand facilities, none of our employees is unionized. We believe that relations with our employees are good.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Three-Year Summary

(Millions of US dollars except per share amounts)

	Year ended December 31		
	2002	2001	2000
STATEMENTS OF INCOME DATA			
Revenue	1,009	1,149	$1,061
Net income (loss)	26	71	145
Basic and fully diluted net income (loss) per share	0.21	0.46	0.85
BALANCE SHEET DATA			
Total assets	1,819	1,693	1,804
Long-term debt, including current portion[(1)]	547	399	399

(1) $250 million of the long-term debt is due August 15, 2005. Another $200 million is due August 15, 2012.

Segmented Information

(Millions of US dollars)

	Canada	United States	Japan	Other Asia	Europe	Latin America	Total
REVENUE							
2002	$39.6	$300.2	$127.1	$240.4	$225.1	$76.4	$1,008.8
2001	$70.9	$375.1	$139.4	$219.7	$261.7	$82.2	$1,149.0

	Canada	United States	New Zealand	Chile	Trinidad	Other	Total
PROPERTY, PLANT & EQUIPMENT							
2002	$72.2	—	$ 98.8	$612.6	$161.8	$34.5	$ 979.9
2001	$79.5	$115.5	$128.8	$629.8	$ 63.1	$15.0	$1,031.7

Dividends

Under a covenant set out in the indenture to the 7.75% notes due August 15, 2005, the Company can pay cash dividends or make other shareholder distributions to the extent that shareholders' equity is equal to or greater than $850 million, after giving effect to such distribution. The Company can also declare and pay up to $30 million of dividends in any twelve-month period while shareholders' equity is less than $850 million. In July 2002 we commenced paying a quarterly dividend of $0.05 per share to shareholders. In addition, the Board periodically considers other forms of distributions when general business conditions, financial results, capital requirements and other relevant factors warrant. In January 2003 we declared a special dividend of $0.25 per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis which appears on pages 41 to 56 of our 2002 Annual Report is incorporated herein by reference.

MARKET FOR SECURITIES

Our Common Shares are listed on the Toronto Stock Exchange in Canada (trading symbol: MX) and are quoted through the Nasdaq National Market in the US (trading symbol: MEOH).

DIRECTORS AND EXECUTIVE OFFICERS

The following sets forth the names and municipalities of residence of the directors and executive officers of the Company, the offices held by them in the Company, their current principal occupations, their principal occupations during the last five years and, in the case of the directors, the month and year in which they became directors:

Name and Municipality of Residence	Office	Principal Occupations and Positions During Last Five Years	Director Since
CHOQUETTE, PIERRE Vancouver, British Columbia	President, Chief Executive Officer and Director	President and Chief Executive Officer of the Company since October 1994.	October 1994
FINDLAY, ROBERT B.[2][3][5] West Vancouver, British Columbia	Director	Corporate Director. Prior to October 1997 was President and Chief Executive Officer of MacMillan Bloedel Limited.	July 1994
GREGSON, BRIAN D.[1][5] Vancouver, British Columbia	Director	Corporate Director. Prior to July 1995 was Chairman of Barbican Properties Inc.	July 1994
LAWRENCE, R.J. (JACK)[1][2][3] Toronto, Ontario	Director	Chairman of Lawrence & Company Inc. since November 1995.	January 1995
LIPTON, JEFFREY M.[2][3][4] Pittsburgh, Pennsylvania	Chairman of the Board and Director	President and Chief Executive Officer of NOVA[6] since July 1998; prior thereto President of NOVA since September 1994.	February 1994
MORTON, DAVID[2][3][4] Westmount, Quebec	Director	Corporate Director. Chairman of Alcan Aluminium Limited from 1989 to 1995.	January 1995
PAPPAS, CHRISTOPHER D.[5] Pittsburgh, Pennsylvania	Director	Senior Vice President and President, Styrenics of NOVA since July 2000; prior thereto President and Chief Executive Officer of Paint and Coatings.com since March 2000; prior thereto Commercial Vice President, Ethylene Elastomers and Vice President Americas of Dupont Dow Elastomers, Inc. since October 1998; prior thereto Vice President, Ethylene Elastomers, Dupont Dow Elastomers, Inc. since November 1995.	March 2002
POOLE, A. TERENCE[1] Pittsburgh, Pennsylvania	Director	Executive Vice President, Corporate Strategy and Development of NOVA since May 2000; prior thereto Executive Vice President, Finance and Strategy of NOVA since July 1998; prior thereto Senior Vice President and Chief Financial Officer of NOVA since 1994.	February 1994

Name and Municipality of Residence	Office	Principal Occupations and Positions During Last Five Years	Director Since
SWEENEY, GRAHAM D.[1][5] Sarnia, Ontario	Director	Corporate Director. Prior to October 1995 was President and Chief Executive Officer of Dow Chemical Canada Inc.	July 1994
WEXLER, ANNE L.[2][3][4] Washington, D.C.	Director	Chairman of the Executive Committee of Wexler & Walker Public Policy Associates (formerly The Wexler Group) since January 2000; prior thereto Chairman and Chief Executive Officer of The Wexler Group since 1981.	January 2001

(1) Member of the Audit, Finance and Risk Committee.

(2) Member of the Corporate Governance Committee.

(3) Member of the Human Resources Committee.

(4) Member of the Public Policy Committee.

(5) Member of the Responsible Care Committee.

(6) NOVA means NOVA Chemicals Corporation or any of its predecessor companies. NOVA is a commodity chemical company producing styrenics and olefins/ polyolefins with manufacturing facilities located in North America and Europe.

AITKEN, BRUCE Auckland, New Zealand	Senior Vice President, Asia Pacific	Senior Vice President, Asia Pacific of the Company and Managing Director of Methanex New Zealand Limited since September 1999; prior thereto Vice President, Asia Pacific of the Company and Managing Director of Methanex New Zealand Limited since December 1997; prior thereto Marketing Director of Methanex New Zealand Limited since December 1995.
CAMERON, IAN Vancouver, British Columbia	Senior Vice President, Finance and Chief Financial Officer	Senior Vice President, Finance and Chief Financial Officer of the Company since January 1, 2003; prior thereto Vice President, Finance of the Company since September 1999; prior there to Corporate Controller of the Company since August 1993.
COLE, ALLAN S. Vancouver, British Columbia	Senior Vice President	Senior Vice President of the Company since January 1, 2003; prior thereto Senior Vice President, Finance and Chief Financial Officer of the Company since September 1999; prior thereto Vice President, Finance and Chief Financial Officer of the Company since August 1997.
DUFFY, GERRY F. Vancouver, British Columbia	Senior Vice President, Global Marketing and Logistics	Senior Vice President, Global Marketing and Logistics of the Company since September 2000; prior thereto Vice President, Global Marketing of the Company since September 1999; prior thereto Marketing Director, Asia Pacific of Methanex New Zealand Limited since April 1998; prior thereto Manager, Supply Chain of the Company since September 1997; prior thereto an independent consultant since August 1996.

EMMERTON, W. JAMES South Surrey, British Columbia	Senior Vice President, Corporate Development	Senior Vice President, Corporate Development of the Company since October 2002; prior thereto Senior Vice President, Corporate Development and General Counsel of the Company since June 2000; prior thereto Senior Vice President, General Counsel and Corporate Secretary of the Company since September 1999; prior thereto Vice President, General Counsel and Corporate Secretary of the Company since March 1997.
GORDON, JOHN K. Vancouver, British Columbia	Senior Vice President, Corporate Resources	Senior Vice President, Corporate Resources of the Company since September 1999; prior thereto Vice President, Corporate Resources of the Company since September 1998; prior thereto Vice President, Human Resources and Corporate Affairs of the Company since August 1996.
KRAUSE, RODOLFO L. Santiago, Chile	Senior Vice President, Latin America and Global Manufacturing	Senior Vice President, Latin America and Global Manufacturing of the Company since September 1999 and General Manager, Methanex Chile Limited; prior thereto Vice President, Latin America and Global Manufacturing of the Company and General Manager, Methanex Chile Limited since May 1998; prior thereto Vice President, Latin America of the Company and General Manager, Methanex Chile Limited.
MACDONALD, MICHAEL G. Vancouver, British Columbia	Senior Vice President, Technology	Senior Vice President, Technology of the Company since October 2002; prior thereto Vice President, Planning and Strategic Development of the Company since September 1999; prior thereto Director, Investor Relations and Corporate Communications of the Company since October 1997.
MILNER, RANDY M. Vancouver, British Columbia	Senior Vice President, General Counsel and Corporate Secretary	Senior Vice President, General Counsel and Corporate Secretary of the Company since October 2002; prior thereto Assistant General Counsel and Corporate Secretary of the Company since June 2000; prior thereto Corporate Counsel and Assistant Corporate Secretary of the Company since March 1998; prior thereto Corporate Counsel of the Company since October 1995.

As at December 31, 2002, the directors and executive officers of the Company owned, directly or indirectly, or exercised control of or direction over, less than 1% of the outstanding Common Shares of the Company.

ADDITIONAL INFORMATION

The Company will provide to any person or company, upon request to the Corporate Secretary of the Company:

(a) when the securities of the Company are in the course of a distribution under a preliminary short-form prospectus or a short-form prospectus,

  (i) one copy of this AIF, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in this AIF;

  (ii) one copy of the comparative financial statements of the Company for the year ended December 31, 2002 together with the accompanying report of the auditors and one copy of any interim financial statements of the Company subsequent to the financial statements for the year ended December 31, 2002;

  (iii) one copy of the Information Circular of the Company dated March 7, 2003 for the Annual General Meeting of the Company to be held on May 22, 2003; and

  (iv) one copy of any other documents that are incorporated by reference into the preliminary short-form prospectus or the short-form prospectus and are not required to be provided under (i) to (iii) above; or

(b) at any other time, one copy of any of the documents referred to in (a)(i), (ii) and (iii) above, provided that the Company may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder of the Company.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, if applicable, is contained in the Information Circular dated March 7, 2003 for the Annual General Meeting of the Company to be held on May 22, 2003. Additional financial information is provided in the consolidated financial statements of the Company for the year ended December 31, 2002. Copies of these documents may be obtained upon request from:

Methanex Corporation
Randy Milner
Senior Vice President, General Counsel and Corporate Secretary
1800 Waterfront Centre
200 Burrard Street
Vancouver, British Columbia V6C 3M1
Telephone: 604 661 2600
Facsimile: 604 661 2602
E-mail: rmilner@methanex.com

Management's Discussion & Analysis

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This section of the annual report should be read in conjunction with our consolidated financial statements and the accompanying notes.

OVERVIEW

Methanol is a liquid commodity chemical produced primarily from natural gas. Roughly three-quarters of all methanol is used to produce formaldehyde, acetic acid and other chemical derivatives for which demand is influenced by levels of global gross domestic product. The remainder of all methanol is used to produce the gasoline additive MTBE, for which demand is driven by air quality improvement as well as levels of gasoline demand.

We are the world's largest producer and marketer of methanol. We operate methanol production facilities located in Chile, New Zealand and North America. In addition, we source additional methanol produced by others either on a contract basis or on the spot market in order to meet customer needs and support our marketing efforts. Together with BP, we are constructing Atlas, a 1.7 million tonne per year methanol facility in Trinidad. We believe our global positioning, including our extensive network of storage terminals and world-class expertise in the global distribution of methanol, is a competitive advantage.

OUR STRATEGY

Our primary objective is to create value through maintaining and enhancing our leadership in the production, marketing and delivery of methanol to our customers. The key elements of our strategy to achieve this objective may be summarized as follows:

Low Cost Structure

The most significant components of our costs are natural gas for feedstock and distribution costs associated with delivering methanol to customers. An important element of our strategy is to ensure security of natural gas supply at favourable prices. Over time, we have been reducing our reliance on North American production, where natural gas is purchased on a short-term basis and prices are extremely volatile, by selecting locations for new facilities where we can purchase natural gas through long-term contracts with favourable pricing.

Currently, we have two methanol projects under construction aimed at strengthening our position as a low cost global producer. These projects are underpinned by long-term natural gas contracts. The first project is a joint venture with BP to build the Atlas methanol facility. We have a 63.1% interest in Atlas and this facility will serve as a low cost hub to supply the North American and Western European markets commencing in 2004. The second project is an 840,000 tonne per year expansion of the production capacity of our Chilean facilities. Chile IV is expected to be completed by early 2005. In connection with the expansion, the gas contracts for our existing plants, Chile I, Chile II and Chile III, have been extended to 2025, 2027 and 2029, respectively. In addition, we are advancing plans to provide long-term, secure supply to the Asia Pacific region.

We are also focused on reducing our ocean shipping and other distribution costs. We seek to use larger vessels where possible and to maximize the utilization of our shipping fleet in order to reduce costs. We take advantage of prevailing conditions in the shipping market by varying the type and length of term of our ocean shipping contracts. We are planning to increase the number of in-market terminal storage facilities, particularly in Asia, to further improve the efficiency and cost-effectiveness of servicing our customers. We also look for opportunities to enter into product exchanges to reduce duty and other distribution costs.

Maintain Our World Leadership in Methanol Marketing, Logistics and Sales

We sell methanol through an extensive global marketing and distribution system. We believe this has enabled us to become the largest supplier of methanol to each of the major international markets of North America, Asia Pacific and Europe, as well as Latin America. We continue to pursue opportunities that allow us to maintain this market leadership. For example, during 2002 we initiated a posted pricing mechanism in all major markets, which appears to have improved the process of price settlements.

We have played a role in the consolidation of the methanol industry and have positioned ourselves as the supplier of choice for global methanol consumers as they face the decision of producing or purchasing their methanol feedstock requirements. Over the past five years, we have shut down, either permanently or for an indeterminate period, 1.7 million tonnes of our own higher-cost capacity. Other producers have also shut down plants and this has allowed us to gain new customers. Examples of this include our acquisition in 2000 of ICI's customer base and logistics infrastructure located primarily in the United Kingdom and a long-term exclusive agreement with Lyondell Chemical completed in 2002 to supply their methanol requirements in North America and Europe. We will also acquire Lyondell's customer list and a number of customer contracts in North America effective January 1, 2004 and we will have certain production rights during 2004 to their 750,000 tonne per year methanol facility in Texas.

Operational Excellence

Our focus on operational excellence includes excellence in our manufacturing process, in the leadership of our human resources and in the management of our finances.

In order to differentiate ourselves from our competitors, we strive to be the premier operator in all aspects of our business. We believe that reliability of supply is critical to the success of our customers' businesses and our goal is to deliver methanol reliably and cost-effectively. Through our Responsible Care program we have achieved an excellent overall environmental and safety record at all of our facilities and have reduced the likelihood of unplanned shutdowns and lost time accidents. By maintaining and improving our plant operating reliability, as a result of our focus on operational excellence, we believe we have become a preferred supplier of methanol globally.

We operate in a highly competitive cyclical industry. Accordingly, we believe it is important to maintain financial flexibility throughout the methanol industry cycle and we have deliberately adopted a prudent approach to our liquidity. We have similarly established a disciplined approach to capital spending and have set minimum target return criteria for methanol capacity additions and other investments. We are focused on financial discipline and value creation.

HOW WE ANALYZE OUR BUSINESS

Our operating results are affected by the prevailing market price for methanol, our production volumes and related costs of production and distribution and, to a lesser extent, the margins we earn on the sale of purchased methanol.

We believe that our results of operations are best examined by analyzing changes in the components of our operating income, interest expense, interest and other income, unusual items and income taxes. The margin characteristics of our sales of purchased methanol and our sales of produced methanol are very different and therefore we believe that separate discussion of the revenue and cost of sales line items is

less meaningful. The discussion of purchased methanol and its impact on our results of operations is more meaningfully discussed on a net margin basis, because the cost of sales of purchased methanol consists principally of the cost of the methanol itself, which is directly related to the selling price of methanol at the time of purchase. The discussion of produced methanol is more meaningful if we separately analyze the individual elements that impact operating income. These elements are selling price and sales volumes, total cash cost (which is included in cost of sales and operating expenses in the income statement) and depreciation and amortization. Total cash cost includes cash production and distribution costs (which we call delivered cash cost) and selling, general and administrative expenses.

OUR RESULTS OF OPERATIONS

For the year ended December 31, 2002, net income was $26 million compared with $71 million for 2001. The results for 2002 and 2001 include the impact of unusual items. Unusual items in 2002 include a non-cash $115 million asset restructuring charge related to the write-off of the Fortier facility, partially offset by a non-cash $27 million reduction to the site restoration accrual in New Zealand. In 2001, we recorded an $11 million asset restructuring charge related to the idling of the Medicine Hat facility for an indeterminate period. Income before unusual items (after-tax) for 2002 was $112 million compared with $82 million for 2001.

Financial Highlights

($ MILLIONS EXCEPT AS NOTED)	2002	2001
Sales volumes (thousands of tonnes)		
Produced	**5,686**	5,390
Purchased	**809**	1,280
Commission sales [1]	**725**	720
	7,220	7,390
Average realized methanol price ($ per tonne)	**155**	172
Operating income[2]	**158**	125
Income before unusual items (after-tax)[3]	**112**	82
Net income	**26**	71
Cash flows from operating activities[4]	**245**	219
EBITDA[5]	**270**	238
Common shares outstanding at December 31 (millions of shares)	**126**	131
Weighted average number of common shares outstanding (millions of shares)	**127**	154
Basic and diluted net income per share ($ per share)	**0.21**	0.46

1 *Sales of methanol from the 850,000 tonne per year Titan Methanol Company plant in Trinidad. Methanex markets 100 percent of Titan's production. Commission income earned is included in revenue.*

2 *Operating income represents net income before income taxes, interest expense, interest and other income, asset restructuring charges and the site restoration adjustment.*

3 *For a reconciliation of net income to income before unusual items (after-tax), refer to "Supplemental Earnings Measures" on page 55.*

4 *Before changes in non-cash working capital and the utilization of prepaid natural gas.*

5 *EBITDA represents net income before income taxes, interest expense, interest and other income, depreciation and amortization, asset restructuring charges and the site restoration adjustment. For a reconciliation of net income to EBITDA, refer to "Supplemental Earnings Measures" on page 55.*

Production Summary

(THOUSANDS OF TONNES)	OPERATING CAPACITY	PRODUCTION 2002	PRODUCTION 2001
Chile I, II and III (Chile)	**3,000**	**2,932**	2,783
Motunui (New Zealand)	**1,900**	**1,814**	1,727
Waitara Valley (New Zealand)	**530**	**467**	406
Kitimat (Canada)[1]	**500**	**478**	250
Medicine Hat (Canada)[2]	**470**	**—**	195
	6,400	**5,691**	5,361

1 The Kitimat plant was temporarily idled in July 2000 and restarted in July 2001.

2 The Medicine Hat plant was idled for an indeterminate period in July 2001.

The Maui natural gas field has been the primary gas supply source for our facilities in New Zealand. A contractual process was initiated in December 2001 to re-determine the economically recoverable natural gas reserves in the Maui field. On February 6, 2003, the independent expert, who was appointed by the parties to the Maui gas contract, released a final determination of economically recoverable reserves. Based on this report we will lose substantially all of our remaining contractual entitlements from the Maui field. As at February 6, 2003, after considering the impact of the determination, we have sufficient contracted gas entitlements to produce approximately 800,000 tonnes of methanol at the New Zealand facilities. Natural gas exploration in New Zealand is ongoing and we are continuing to pursue acquisitions of additional gas to supplement the contracted gas. However, there can be no assurance that we will be able to secure additional gas on commercially acceptable terms.

Operating Income

2002 operating income was $158 million compared with operating income of $125 million in 2001. The increase in operating income of $33 million resulted from:

2002 VS. 2001	($ MILLIONS)
Lower realized price of produced methanol[1]	(88)
Lower total cash cost[2]	81
Higher sales volumes of produced methanol[3]	20
Higher margin on the sale of purchased methanol[4]	14
Lower depreciation and amortization[5]	3
Other, net	3
	33

1 Calculated as the change in the selling price of methanol that we produce multiplied by the sales volume of produced methanol in the current year.

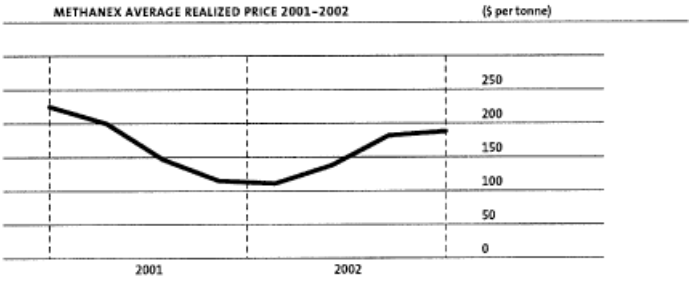
2 Calculated as the change in delivered cash cost per tonne multiplied by the sales volume of produced methanol in the current year plus the change in selling, general and administrative expenses.

3 Calculated as the change in the sales volume of methanol that we produce multiplied by the difference between the selling price and delivered cash cost per tonne for the prior year.

4 Calculated as the change in the margins earned on the sale of purchased methanol.

5 Calculated as the change in depreciation and amortization.

Lower Realized Price of Produced Methanol



The average realized price for 2002 was $155 per tonne compared with $172 per tonne in 2001. The lower average realized price reduced operating income in 2002 by $88 million compared with 2001. Tight supply/demand fundamentals and high North American natural gas prices resulted in strong methanol prices during the first half of 2001. Methanol prices declined substantially in the second half of 2001, consistent with general economic conditions, and remained low during the first quarter of 2002. Planned and unplanned methanol plant outages, typical of historical industry operating performance, combined with some recovery in demand, resulted in tight market conditions, low inventory levels and higher methanol prices beginning in the second quarter of 2002. Supply limitations and tight market conditions continued throughout the remainder of 2002 and resulted in strong methanol pricing. During the second half of 2002 we realized an average price of $185 per tonne and our average price in December 2002 was $191 per tonne.

Lower Total Cash Cost

Our total cash cost was lower in 2002 compared with 2001 and this resulted in increased operating income of $81 million. The primary changes in total cash cost were as follows:

2002 VS. 2001	($ MILLIONS)
Lower natural gas costs	**45**
Lower business development and strategic initiatives expenditures	**18**
Lower logistics and duties costs	**16**
Lower fixed costs in North America	**7**
Other, net	**(5)**
	81

Lower Natural Gas Costs

Lower natural gas costs increased operating income by $45 million in 2002 compared with 2001. We purchase natural gas for our North American facilities on a short-term basis. North American gas prices are set in a competitive market and can fluctuate widely. Costs for natural gas were lower for our North American facilities in 2002 compared with 2001 and this increased operating income by $25 million. Natural gas costs for our Chilean facility are adjusted by a formula related to methanol prices on a twelve-month trailing average basis. As a result of lower average methanol prices in 2002 compared with 2001, our natural gas costs in Chile were lower in 2002 and this increased operating income by $20 million. Natural gas costs in New Zealand did not change significantly.

Lower Business Development and Strategic Initiatives Expenditures

Lower expenditures for business development and strategic initiatives improved operating income by approximately $18 million for 2002 compared with 2001. In 2001, we completed a materials demonstration unit in New Zealand at a cost of $7 million. The remaining decrease in costs for 2002 compared with 2001 relates primarily to preliminary-stage costs incurred in 2001 for exploring opportunities to expand our methanol production capacity in Asia Pacific and costs incurred in 2001 for examining other business opportunities that we chose not to pursue.

Lower Logistics and Duties Costs

Logistics and duties costs were lower in 2002 compared with 2001 and this increased operating income by $16 million. Approximately half of the cost reduction is the result of focused initiatives to achieve more efficient shipping patterns and reduce our vessel costs. The remainder of the cost improvement primarily relates to lower European import duties and the impact on duty costs of lower average methanol prices.

Lower Fixed Costs in North America

Our fixed costs in North America were $7 million lower in 2002 compared with 2001 due to the idling of the Medicine Hat facility in the second half of 2001.

Higher Sales Volumes of Produced Methanol

In 2002, we delivered excellent operating performance and operated our production facilities, excluding idled facilities, at 96% of capacity compared with 91% in 2001. As a result of higher production volumes at our facilities we had higher sales volumes of produced methanol and this improved operating income by $20 million for 2002 compared with 2001.

Higher Margin on the Sale of Purchased Methanol

We incurred a loss of $8 million, or approximately $10 per tonne, on the sale of purchased methanol in 2002 compared with a loss of $22 million, or approximately $17 per tonne, in 2001. Methanol prices declined rapidly in 2001 and we incurred higher losses in 2001 as we sold purchased product from inventory.

Lower Depreciation and Amortization

Depreciation and amortization was $111 million in 2002 compared with $114 million in 2001. The decrease in depreciation of $3 million relates primarily to changes in the mix of product sold and lower depreciation charges for catalyst and turnaround due to a focused effort to decrease the cost of major maintenance and to extend the period between major turnarounds and catalyst changes. These decreases were partially offset by an increase in depreciation resulting from higher sales volumes of produced product.

Interest Expense

($ MILLIONS)	2002	2001
Interest expense before capitalized interest	**38**	33
Capitalized interest	**(9)**	(1)
	29	32

Interest expense was $29 million in 2002 compared with $32 million in 2001. The decrease relates to an increase in capitalized interest for the Atlas and Chile IV projects, partially offset by an increase in the level of long-term debt.

Interest and Other Income

Interest and other income was $10 million in 2002 compared with $19 million for 2001. The decrease is explained partly by an additional $3 million of interest income recorded in late 2001 related to the settlement of an income tax dispute in Canada. The remainder of the decrease is due primarily to lower average cash balances and interest rates in 2002 compared with 2001, partially offset by higher foreign exchange gains in 2002 compared with 2001.

Asset Restructuring Charge and Site Restoration Adjustment ("Unusual Items")

During 2002, we recorded a non-cash asset restructuring charge of $115 million related to the write-off of our Fortier facility which has been idled since March 1999. The Fortier asset restructuring charge was partially offset by a non-cash $27 million reduction in the accrual for site restoration for our New Zealand facilities. The adjustment to the site restoration accrual was made after completing a comprehensive review and analysis to update the previous estimate. During 2001, we recorded an asset restructuring charge of $11 million related to the idling of our Medicine Hat facility for an indeterminate period.

Income Taxes

The effective income tax rate for 2002 was 49% compared with 29% in 2001. Excluding the impact of unusual items, the effective income tax rate for 2002 was 20% compared with 26% for 2001. The lower effective tax rate in 2002, excluding the impact of unusual items, is primarily due to higher losses in 2001 in Canada where no income tax benefits were recorded. Due to the existence of unrecorded tax benefits in New Zealand, no adjustment to income tax expense related to the site restoration adjustment was required. In the United States, where we incurred the Fortier asset restructuring charge, the income tax recovery was limited to the related future income tax liability recorded in prior years in the amount of $2 million.

We have unrecognized income tax benefits in New Zealand, Canada and the United States (see note 14 to the consolidated financial statements).

LIQUIDITY & CAPITAL RESOURCES

Cash Flow Highlights

($ MILLIONS, EXCEPT AS NOTED)	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash flows from operating activities [1]	**245**	219
Refund of income tax deposit	**—**	67
Other changes in non-cash working capital and utilization of prepaid natural gas	**(55)**	90
	190	376
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of long-term debt, net of financing costs	**194**	—
Repayment of long-term debt	**(150)**	—
Proceeds on issue of limited recourse project financing, net of financing costs	**92**	—
Shares repurchased	**(56)**	(188)
Dividends	**(13)**	—
Other, net	**3**	—
	70	(188)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment [2]	**(21)**	(19)
Plant and equipment under construction or development [3]	**(146)**	(60)
Other, net	**(4)**	(3)
	(171)	(82)
Increase in cash and cash equivalents	**89**	106
Cash and cash equivalents, end of year	**421**	332

1 *Before changes in non-cash working capital and the utilization of prepaid natural gas.*

2 *Includes capital maintenance, turnarounds and catalyst and other capital expenditures and the change in related accounts payable and accrued liabilities.*

3 *Including the related change in accounts payable and accrued liabilities.*

Cash Flows from Operating Activities

Cash flows from operating activities before changes in non-cash working capital and the utilization of prepaid natural gas were $245 million in 2002 compared with $219 million for 2001.

In 2001, we received a refund of $67 million from the Canada Customs and Revenue Agency representing the full amount placed on deposit plus accrued interest relating to the successful settlement of our 1991 income tax reassessment.

The increase in other non-cash working capital for 2002 of $55 million was primarily due to higher purchased product inventories and an increase in trade accounts receivable as a result of higher methanol prices at December 31, 2002 compared with December 31, 2001.

Cash Flows from Financing Activities

In 2002, we issued $200 million 8.75% senior notes due August 15, 2012. Financing costs of $6 million were incurred with respect to the senior notes issuance. In August 2002, we repaid upon maturity $150 million of senior notes.

Limited recourse project financing was completed in December 2002 for the Atlas joint venture. The project financing is comprised of senior debt facilities totaling $237 million and a subordinated debt facility in the amount of $15 million. The senior debt represents approximately 60% leverage for the project. The debt facilities are drawn pro rata with equity contributions. At December 31, 2002, our proportionate share of the amount drawn on the debt facilities was $98 million and our proportionate share of the financing costs was $6 million.

During 2001, we repurchased 29.2 million of our common shares pursuant to a substantial issuer bid for $176 million ($6.00 per share). Also during 2001, we commenced a normal course issuer bid to repurchase up to 11.5 million shares. Pursuant to the normal course issuer bid we repurchased 2.2 million shares for a total cost of $12 million ($5.40 per share) in 2001 and 7.7 million shares for a total cost of $56 million ($7.20 per share) in 2002.

During the third quarter of 2002 we initiated the payment of quarterly dividends of $0.05 per share, or approximately $6 million. During 2002, we paid total dividends of $13 million.

Cash Flows from Investing Activities

Capital maintenance and other capital expenditures for 2002, including changes in related accounts payable and accrued liabilities, were $21 million compared with $19 million for 2001.

Plant and equipment under construction or development include expenditures on the following projects, net of changes in related accounts payable and accrued liabilities:

($ MILLIONS)	2002	2001
Atlas (Trinidad) — under construction	**103**	55
Chile IV (Chile) — under construction	**23**	3
Asia Pacific (Australia) — under development	**20**	2
	146	60

During 2002, our proportionate share of capital expenditures for the Atlas project was $103 million. Our proportionate share of total capital expenditures for the Atlas project to the end of 2002 was $158 million. This amount includes capitalized interest and the payment made in 2001 to acquire Beacon Energy Investment Fund ‘s interest in the Atlas project. The Atlas project is expected to be completed in early 2004. We estimate that our proportionate share of remaining capital expenditures to complete the construction of Atlas and other commitments will be approximately $115 million and that these expenditures will be funded from cash generated from operations, cash and cash equivalents and the proceeds from the limited recourse debt facilities. At December 31, 2002, we estimate that our remaining cash equity contribution to complete the project was approximately $50 million.

We made the decision to proceed with the construction of Chile IV during 2002. Chile IV is an 840,000 tonne per year expansion of our Chilean facilities and is expected to cost approximately $275 million, including capitalized interest of $25 million. As at December 31, 2002, total capital expenditures for the project were $26 million. Construction of Chile IV is expected to be completed in early 2005. We anticipate that these expenditures will be funded from cash generated from operations and cash and cash equivalents.

We are developing a potential methanol project located in Western Australia. As at December 31, 2002, total capital expenditures for the project, including $2 million in expenditures incurred in 2001, were $22 million.

Summary of Contractual Obligations and Other Commercial Commitments

The following table presents a summary of our long-term debt and other major contractual obligations, as well as other major commercial commitments over the next three years as at December 31, 2002:

($ MILLIONS)	2003	2004	2005
Debt repayments	—	8	264
Natural gas and related commitments	143	152	160
Vessel charter, terminal facilities and other commitments	91	90	89
Projects under construction	204	80	26
	438	**330**	**539**

In addition, planned capital maintenance expenditures directed towards major maintenance, turnarounds and catalyst changes, which are not included in the above table, are estimated to average approximately $25 million per year, through the end of 2005.

Debt Repayments

We have $250 million of long-term debt maturing in 2005. The remaining debt repayments relate to an estimate for our proportionate share of the principal repayments for the Atlas debt facilities. The actual timing of principal repayments for the Atlas financing is contingent on the timing of project completion.

Natural Gas and Related Commitments

We have commitments under take-or-pay contracts to purchase annual quantities of natural gas supplies and to pay for transportation capacity related to these supplies. Take-or-pay means that we are obliged to pay for the natural gas regardless of whether we take delivery of the natural gas contracted. Such commitments are typical in the methanol industry.

In Chile, we purchase all of our natural gas through favourably priced long-term take-or-pay supply contracts. The majority of the natural gas for our Chilean facilities is purchased from suppliers in Argentina with the remainder supplied by Empresa Nacional del Petroleo de Chile, the Chilean state-owned energy company. The purchase price of natural gas is based on a minimum United States dollar price adjusted by a formula related to prevailing methanol prices. The gas contracts for our Chilean facilities expire between 2025 and 2029.

In New Zealand, we purchase natural gas through a combination of take-or-pay supply contracts and other purchase contracts. The commitments disclosed in the above table reflect the results of the Maui gas field determination.

We do not have commitments for natural gas expenditures in North America as we purchase natural gas on a short-term basis. However, we do have commitments related to payments for pipeline transportation capacity related to these supplies.

Vessel Charter, Terminal Facilities and Other Commitments

The majority of these commitments relate to time charter ocean shipping agreements with terms of 1 to 14 years. Time charter vessels meet approximately 70 percent of our ocean shipping requirements with the remainder of our requirements secured under a mix of contracts with terms of one to two years and through spot arrangements. We believe this structure provides an appropriate mix of shipping capacity, reflecting factors such as the location of our production facilities, the location and restrictions of the destination ports, and the risks associated with production, customer requirements and the general shipping market.

Projects Under Construction

Projects under construction include our proportionate share of the estimated construction costs and other commitments for Atlas and the estimated construction costs for Chile IV. The timing of these estimated expenditures is subject to change. These estimates do not include capitalized interest.

Liquidity and Capitalization

We maintain conservative financial policies that reflect the volatile and cyclical nature of methanol pricing. We focus on maintaining our financial strength and flexibility through prudent financial management.

($ MILLIONS)	2002	2001
LIQUIDITY		
Cash and cash equivalents	**421**	332
Undrawn credit facilities	**291**	291
	712	623
CAPITALIZATION		
Long-term debt	**450**	399
Limited recourse long-term debt	**98**	—
Shareholders' equity	**904**	935
	1,452	1,334
Total debt to capitalization[1]	**38%**	30%
Net debt to capitalization[2]	**12%**	7%

1 Defined as total debt divided by capitalization.

2 Defined as total debt less cash and cash equivalents divided by capitalization less cash and cash equivalents.

As at December 31, 2002, our cash balance was $421 million. We also have an undrawn $291 million credit facility that expires in January 2004. We believe that our current financial position, combined with our low cost production capacity, provides us with substantial financial capacity and flexibility. As a result of this financial strength, on February 14, 2003 we paid a special dividend of $0.25 per share, or $31 million.

We have the financial capacity to complete the capital maintenance spending program, fund our remaining share of the cash equity contribution to complete the Atlas project, complete the construction of Chile IV and pursue new opportunities to enhance our strategic position in methanol.

The credit ratings for our unsecured long-term debt at December 31, 2002 were as follows:

Standard & Poor's	BBB- (stable)
Moody's Investor Service	Ba1 (stable)
Fitch	BBB (stable)

Credit ratings are not recommendations to purchase, hold or sell securities and do not comment on market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future.

Financial Risk Management

The dominant currency in which we conduct business is the United States dollar, which is our reporting currency. At our Canadian, New Zealand and Chilean production facilities, certain of the underlying operating costs and capital expenditures are incurred in currencies other than the United States dollar. We are exposed to increases in the value of these currencies that could have the effect of increasing the United States dollar equivalent of cost of sales and operating expenses and capital expenditures. We also have some revenues in Euros and British pounds. We are exposed to risks of declines in the value of these currencies compared to the United States dollar which could have the effect of decreasing the United States dollar equivalent of revenue.

We have implemented a foreign exchange hedging program designed to limit our exposure to foreign exchange volatility and to contribute towards achieving strategic cost structure targets. We manage our exposure to foreign currencies through forward exchange contracts. These instruments are used solely for hedging purposes, not for speculation. Hedging activity is reviewed regularly by the Audit, Finance and Risk Committee of our Board.

The fair value of our forward exchange contracts was positive $2 million at December 31,2002. Until settled, the fair value of these financial instruments will fluctuate based on changes in foreign exchange rates. These contracts are not subject to rating triggers or margin calls and rank equally with all our unsecured and unsubordinated indebtedness.

OUTLOOK

Methanol is a global commodity and our earnings are primarily affected by fluctuations in the methanol price, which is directly impacted by the balance of methanol supply and demand. We are entering 2003 in an environment of very tight methanol market conditions and strong pricing.

Methanol Supply

We expect that the methanol market will remain tight and strong pricing will continue during 2003 primarily because there is no new capacity expected to impact the market. In addition, with the market already well balanced, we believe that reduced production from our New Zealand facilities, as a result of the re-determination of the Maui natural gas field, will lead to even tighter market conditions.

We believe that the period of strong prices will extend into 2004. We expect that the Atlas facility, which is due to start production early in the year, will be the first increment of new capacity in 2004. Atlas will provide us with production capacity to replace lost production from our New Zealand facilities. We continue to expect higher-cost North American capacity to shut down. During 2004, we will have certain production rights to Lyondell's 750,000 tonne per year methanol facility in Texas. We expect the NPC methanol facility in Iran to be the second increment of new capacity in 2004.

At December 31, 2002, global methanol capacity was approximately 37 million tonnes. Significant methanol capacity additions that have been completed or that we expect to be completed during the period from 2002 to 2005 are as follows:

(THOUSANDS OF TONNES)	2002	2003	2004	2005
Repsol/YPF (Argentina)	400	—	—	—
Atlas (Methanex/BP)	—	—	1,700	—
NPC (Iran)	—	—	1,000	—
Chile IV (Methanex)	—	—	—	840
SIPC (Saudi Arabia)	—	—	—	1,000

Methanol Demand

Demand growth for methanol for chemical derivatives, which represent approximately 75 percent of global methanol demand, is driven primarily by growth in global gross domestic product and the strength of the global economy. Since 1993, global demand for methanol for chemical derivatives has grown by approximately 5 percent per annum.

MTBE represents the remaining 25 percent of global methanol demand. MTBE is used primarily as a source of octane and as an oxygenate for gasoline. MTBE was developed as a source of octane when unleaded gasolines were introduced. Over the past several years environmental concerns and legislation have also increased demand for MTBE as an oxygenate in gasoline in order to reduce automobile tailpipe emissions. Worldwide methanol demand for MTBE was approximately 7.6 million tonnes in 2002. Approximately one half of methanol demand for MTBE was in the United States and 1.3 million tonnes of this demand was for MTBE consumed in California. In the United States, MTBE's value as an oxygenate became the most significant factor in its use.

Gasoline containing MTBE, which is more easily detectable in water than other gasoline components, has leaked into groundwater principally from underground gasoline storage tanks and has been discharged directly into drinking water reservoirs. Despite the proven air quality benefits of MTBE, California and other states in the United States, as well as the United States federal government, have initiated actions that may limit, or even eliminate, the use of MTBE as a gasoline component in the United States and this is a major issue for our industry. California and New York have both passed legislation banning MTBE effective January 1, 2004. Gasoline producers in California have commenced the process, or have announced their intention, to phase out MTBE. At the United States federal government level there have been proposals to ban MTBE; however, to date, no legislation has been passed. We believe it is likely, however, that over time the demand for methanol for MTBE consumed in the United States will be reduced, or possibly eliminated, as a result of these developments. Limiting or eliminating the use of MTBE in gasoline in California or more broadly in the United States, will reduce demand for MTBE and methanol in the United States and negatively impact the viability of MTBE and methanol plants (such as our Fortier facility) in the United States.

Elsewhere in the world, MTBE continues to be used as a source of octane, but with growing usage for its clean air benefits. We believe the largest potential for MTBE growth is outside the United States. Our belief is based on the actions being taken around the world to reduce lead, benzene and other aromatics content in gasoline and to improve the emissions performance of vehicles generally. Implementation of clean air standards is continuing in Western Europe and in December 2001, the European Union confirmed the suitability and continued use of MTBE as a fuel component. Demand for MTBE in Asia is also increasing as many countries work towards reducing lead and aromatics content in gasoline to improve air quality. Also, we believe that the Middle East represents sizeable incremental demand for MTBE.

Summary

The supply/demand fundamentals are currently very favourable and we believe that we will benefit from a well-balanced market over the next few years. We also believe that these tight market conditions will minimize the impact of the phase out of MTBE by California gasoline producers. The methanol price, however, will ultimately depend on industry operating rates and the strength of global demand. We believe that our excellent financial position and financial flexibility, outstanding global supply network and low cost position will ensure that Methanex continues to be the leader in the methanol industry.

CRITICAL ACCOUNTING POLICIES

We believe the following selected accounting policies and issues are critical to understanding the estimates, assumptions and uncertainties that affect the amounts reported and disclosed in our consolidated financial statements and related notes. See note 1 to our annual consolidated financial statements for a more comprehensive discussion of our significant accounting policies.

Recoverability of Property, Plant and Equipment

Our business is capital intensive and has required, and will continue to require, significant investments in property, plant and equipment. At December 31, 2002, the net book value of our property, plant and equipment was $980 million. Recoverability of property, plant and equipment is measured by comparing the net book value of an asset to the undiscounted future net cash flows expected to be generated from the asset over its estimated useful life. In cases where the undiscounted expected future cash flows from an asset are less than the net book value of the asset, a write-down is recognized equal to the difference.

We idled our Medicine Hat plant in 2001 for an indeterminate period, as its operating costs were much higher than those of our other facilities. The Medicine Hat facility is being maintained in a position to restart if conditions warrant. The net book value of this plant was $65 million at December 31, 2002.

As a result of the re-determination of the Maui field there will be a substantial near-term reduction in production from our New Zealand facilities. Natural gas exploration in New Zealand is ongoing and we are continuing to pursue acquisitions of additional gas to supplement the currently contracted gas for the New Zealand plants. However, there can be no assurance that we will be able to secure additional gas on commercially acceptable terms. As at December 31, 2002, the net book value of the New Zealand plants was $97 million.

A prolonged economic downturn impacting methanol demand, or an increase in supply, could intensify competitive pricing pressure, create an imbalance of industry supply and demand, or otherwise diminish volumes or profits. In addition, sustained high North American natural gas prices could cause the Medicine Hat plant to become uncompetitive. The inability to contract additional natural gas in New Zealand on commercially acceptable terms could reduce the profitability of our New Zealand plants. Such events would impact our estimates of future net cash flows to be generated by our production facilities. Consequently, it is possible that our future operating results could be materially and adversely affected by impairment charges related to the recoverability of our property, plant and equipment.

Site Restoration

As at December 31, 2002, we had accrued $29 million for obligations for future site restoration costs for those sites where a reasonably definitive estimate of the costs can be made. Inherent uncertainties exist because the restoration activities will take place, for the most part, many years in the future and there may be changes in governmental and environmental regulations, and changes in removal technology and costs. It is difficult to estimate the true costs of these activities as our estimates are based on today ‘s regulations and technology. Because of uncertainties related to estimating future site restoration activities, future costs related to the currently identified sites could differ from the amounts estimated.

Future Income Taxes

Future income tax assets and liabilities are determined using enacted tax rates for the effects of net operating losses and temporary differences between the book and tax bases of assets and liabilities. We record a valuation allowance on future tax assets, when appropriate, to reflect the uncertainty of realization of future tax benefits. In determining the appropriate valuation allowance, certain judgments are made relating to the level of expected future taxable income and to available tax planning strategies and their impact on the utilization of existing loss carryforwards and other income tax deductions. In making this analysis, we consider historical profitability and volatility to assess whether we believe it to be more likely than not that the existing loss carryforwards and other income tax deductions will be utilized to offset future taxable income otherwise calculated. Management routinely reviews these judgments. At December 31, 2002, we had future income tax assets of $208 million that are substantially offset by a valuation allowance of $180 million.

SUPPLEMENTAL EARNINGS MEASURES

In addition to providing measures in accordance with Canadian generally accepted accounting principles (GAAP), Methanex presents certain supplemental earnings measures. These are EBITDA and Income before unusual items (after-tax). These measures do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. The supplemental earnings measures are provided to assist readers in evaluating the operating performance of the Company's ongoing business. The supplemental earnings measures should be considered in addition to, and not as a substitute for, operating income, net income, cash flows and other measures of financial performance reported in accordance with GAAP.

EBITDA

This supplemental earnings measure is provided to assist readers in determining the ability of Methanex to generate cash from operations. EBITDA differs from cash flows from operating activities before changes in non-cash working capital and the utilization of prepaid natural gas primarily because it does not include cash flows from interest, income taxes and asset restructuring charges.

Income Before Unusual Items (After-Tax)

This supplemental earnings measure is provided to assist readers in comparing earnings from one period to another without the impact of unusual items that are considered to be non-operational and/or non-recurring. Income before unusual items (after-tax) differs from net income because it does not include the after-tax impact of asset restructuring charges and the site restoration adjustment.

Reconciliation

The following table shows a reconciliation of net income to income before unusual items (after-tax) and to EBITDA:

($ MILLIONS)	2002	2001
Net income	**26**	71
Add (deduct) unusual items:		
Asset restructuring charge	115	11
Site restoration adjustment	(27)	—
Income tax recovery related to the above items	(2)	—
Income before unusual items (after-tax)	**112**	**82**
Add (deduct):		
Income tax expense excluding the amount related to unusual items	28	29
Interest expense	29	32
Interest and other income	(10)	(19)
Depreciation and amortization	111	114
EBITDA	**270**	**238**

QUARTERLY FINANCIAL DATA (UNAUDITED)

	THREE MONTHS ENDED			
($ MILLIONS, EXCEPT PER SHARE AMOUNTS)	DEC. 31	SEP. 30	JUN. 30	MAR. 31
YEAR ENDED DECEMBER 31, 2002				
Revenue	**307.0**	**296.5**	**223.6**	**181.7**
Net income (loss)	**(30.4)**	**58.5**	**15.7**	**(17.4)**
Basic net income (loss) per share	**(0.24)**	**0.47**	**0.12**	**(0.13)**
Diluted net income (loss) per share	**(0.24)**	**0.46**	**0.12**	**(0.13)**
YEAR ENDED DECEMBER 31, 2001				
Revenue	195.3	239.6	341.1	372.9
Net income (loss)	(13.0)	(24.7)	40.3	68.8
Basic and diluted net income (loss) per share	(0.10)	(0.15)	0.25	0.43

Exhibit 3

Consolidated Financial Statements

RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements and all financial information contained in the annual report are the responsibility of management. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, where appropriate, have incorporated estimates based on the best judgment of management.

Management is responsible for the development of internal controls over the reporting process. Management believes that the system of internal controls, review procedures and established policies provide reasonable assurance as to the reliability and relevance of financial reports and the management's discussion and analysis.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and is responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through the Audit, Finance and Risk Committee (the Committee). The Committee consists of four non-management directors, all of whom are independent as defined by the NASDAQ rules. The Committee reviews the consolidated financial statements, annual report, and management's discussion and analysis, and recommends them to the Board for approval. The Committee considers, for review by the Board and approval by the shareholders, the appointment of the external auditors. In addition, the Committee reviews and approves unaudited interim financial statements, news releases on interim financial results, and interim reports to shareholders before their distribution. The Committee meets regularly with management and the Company's auditors, KPMG LLP, Chartered Accountants, to discuss internal controls and significant accounting and financial reporting issues. KPMG have full and unrestricted access to the Committee.

KPMG have provided an independent professional opinion on the fairness, in all material respects, of these consolidated financial statements. Their opinion is included in the annual report.



Brian D. Gregson
Chairman of the Audit,
Finance and Risk Committee



Pierre Choquette
President and
Chief Executive Officer



Ian P. Cameron
Senior Vice President, Finance and
Chief Financial Officer

March 7, 2003

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AUDITORS' REPORT TO SHAREHOLDERS

We have audited the consolidated balance sheets of Methanex Corporation as at December 31, 2002 and 2001 and the consolidated statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Vancouver, Canada
March 7, 2003

Consolidated Balance Sheets
(thousands of US dollars)

DECEMBER 31, 2002 AND 2001	2002	2001
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 421,387**	$ 332,129
Receivables (note 2)	**201,037**	135,219
Inventories	**119,125**	99,908
Prepaid expenses	**12,079**	8,685
	753,628	575,941
Property, plant and equipment (note 3)	**979,935**	1,031,716
Other assets (note 5)	**85,748**	85,693
	$1,819,311	$1,693,350
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 136,035**	$ 110,281
Current maturities on long-term debt and other long-term liabilities	**6,079**	154,693
	142,114	264,974
Limited recourse long-term debt (note 6)	**97,578**	—
Long-term debt (note 7)	**449,646**	249,535
Other long-term liabilities (note 8)	**52,980**	78,911
Future income taxes (note 14)	**172,915**	164,469
Shareholders' equity:		
Capital stock (note 9)	**517,210**	538,151
Retained earnings	**586,868**	397,310
	904,078	935,461
	$1,819,311	$1,693,350

Subsequent events (notes 1 (f) and 9 (c))
See accompanying notes to consolidated financial statements.

Approved by the Board:

Brian D. Gregson
Director

Pierre Choquette
Director

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Consolidated Statements of Income and Retained Earnings
(thousands of US dollars)

YEARS ENDED DECEMBER 31, 2002 AND 2001	2002	2001
Revenue	**$ 1,008,792**	$ 1,148,965
Cost of sales and operating expenses	**739,156**	910,601
Depreciation and amortization	**111,289**	113,719
Operating income before undernoted items	**158,347**	124,645
Interest expense (note 11)	**(28,972)**	(31,848)
Interest and other income	**10,365**	19,028
Asset restructuring charge (note 12)	**(115,387)**	(11,060)
Site restoration adjustment (note 8)	**26,972**	—
Income before income taxes	**51,325**	100,765
Income tax expense (note 14)	**24,911**	29,347
Net income	**26,414**	71,418
Retained earnings, beginning of year	**397,310**	384,832
Excess of repurchase price over assigned value of common shares (note 9)	**(24,349)**	(58,940)
Dividend payments	**(12,507)**	—
Retained earnings, end of year	**$ 386,868**	$ 397,310
Weighted average number of shares outstanding	**126,610,754**	154,355,808
Basic and diluted net income per share	**$ 0.21**	$ 0.46

The number of common shares outstanding at December 31, 2002 was 125,651,639 (December 31, 2001 — 131,167,942)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
(thousands of US dollars)

YEARS ENDED DECEMBER 31 , 2002 AND 2001	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**$ 26,414**	$ 71,418
Add (deduct):		
Depreciation and amortization	**111,289**	113,719
Future income taxes	**8,446**	22,162
Asset restructuring charge	**115,387**	—
Site restoration adjustment	**(26,972)**	—
Other	**10,030**	12,130
Cash flows from operating activities before undernoted changes	**244,594**	219,429
Refund of income tax deposit	**—**	66,866
Receivables and accounts payable and accrued liabilities	**(33,521)**	47,958
Inventories and prepaid expenses	**(22,998)**	41,158
Utilization of prepaid natural gas	**2,034**	1,045
	190,109	376,456
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds on issue of long-term debt	**200,000**	—
Repayment of long-term debt	**(150,000)**	—
Proceeds on issue of limited recourse long-term debt	**97,578**	—
Financing costs	**(11,772)**	—
Payment for shares repurchased	**(55,974)**	(187,620)
Issue of shares on exercise of stock options	**10,684**	6,428
Dividend payments	**(12,507)**	—
Repayment of other long-term liabilities	**(8,352)**	(6,359)
	69,657	(187,551)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Plant and equipment under construction or development	**(142,245)**	(68,460)
Property, plant and equipment	**(17,913)**	(22,882)
Accounts payable and accrued liabilities related to capital expenditures	**(6,542)**	12,137
Other assets	**(3,808)**	(3,513)
	(170,508)	(82,718)
Increase in cash and cash equivalents	**89,258**	106,187
Cash and cash equivalents, beginning of year	**332,129**	225,942
Cash and cash equivalents, end of year	**$ 421,387**	$ 332,129
Supplementary cash flow information:		
Interest paid, net of capitalized interest	**$ 21,641**	$ 29,919
Income taxes paid, net of amounts received	**$ 3,147**	$ (244)

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(Tabular dollar amounts are shown in thousands of U.S. dollars, except where noted)
Years ended December 31, 2002 and 2001

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada and include the accounts of Methanex Corporation, its subsidiaries and its proportionate share of joint venture revenues, expenses, assets and liabilities. Investments in which the Company does not exercise significant influence are accounted for using the cost method and are included in other assets. All intercompany transactions and balances have been eliminated. Preparation of these consolidated financial statements requires estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. Policies requiring significant estimates are described below. Actual results could differ from those estimates.

(b) Reporting currency:

The majority of the Company's business is transacted in U.S. dollars and, accordingly, the consolidated financial statements have been measured and expressed in that currency.

(c) Cash equivalents:

Cash equivalents include securities with maturities of three months or less when purchased.

(d) Receivables:

The Company provides credit to its customers in the normal course of business. The Company performs ongoing credit evaluations of its customers and maintains reserves for potential credit losses. Credit losses have been minimal and within the range of management's expectations.

(e) Inventories:

Inventories are valued at the lower of cost, determined on a first-in first-out basis, and estimated net realizable value.

(f) Property, plant and equipment:

Property, plant and equipment are recorded at cost. Financing costs incurred during construction are capitalized to the cost of the asset. Depreciation is provided on a straight-line basis, or, in the case of the New Zealand assets, on a unit-of-natural-gas consumption basis, from the commencement of commercial operations in order to amortize the cost of the assets over their estimated useful lives.

The Company reviews the carrying value of property, plant and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, a write-down is recognized equal to the difference.

Routine repairs and maintenance costs are charged against current operations. At intervals of three or more years, the Company conducts a shutdown and inspection (turnaround) at its plants to perform necessary repairs and replacements of catalyst. Costs associated with these shutdowns are amortized over the period until the next planned turnaround.

The Company accrues obligations for future site restoration costs where a reasonably definitive estimate of the costs can be made. The costs are recognized on a straight-line basis, or in the case of the New Zealand assets on a unit-of-natural-gas consumption basis, over the estimated useful lives of the assets. The Company reviews and updates the estimate of site restoration costs on a periodic basis.

1. Significant accounting policies (continued):

(f) Property, plant and equipment (continued):

The Maui natural gas field has been the primary gas supply source for the Company's New Zealand operations. A contractual process was initiated in December 2001 to re-determine the economically recoverable natural gas reserves in the Maui field. On February 6, 2003, the independent expert, who was appointed by the parties to the Maui gas contract, released a final determination of economically recoverable reserves and based on this report, the Company will lose substantially all of its remaining contractual entitlements from the Maui field. As at February 6, 2003, after considering the impact of the determination, the Company has sufficient contracted gas entitlements to produce approximately 800,000 tonnes of methanol at the New Zealand facilities. Natural gas exploration in New Zealand is ongoing and the Company is continuing to pursue acquisitions of additional gas to supplement the contracted gas. However, there can be no assurance that the Company will be able to secure additional gas on commercially acceptable terms and that the New Zealand operations will generate sufficient cash to recover their carrying value.

(g) Interest in Atlas joint venture:

The Company's interest in the Atlas joint venture is accounted for using the proportionate consolidation method. Under this method, the Company's proportionate share of joint venture revenues, expenses, assets and liabilities are included in the consolidated financial statements.

(h) Other assets:

Other assets are recorded at cost. Amortization is provided for other assets, except long-term investments, on an appropriate basis to charge the cost of the assets against earnings as used.

(i) Employee future benefits:

Accrued pension benefit obligations and related expenses for defined benefit pension plans are determined using current market bond yields to measure the accrued pension benefit obligation. Adjustments arising from plan amendments, experience gains and losses and changes in assumptions are amortized on a straight-line basis over the estimated average remaining service lifetime of the employee group. Gains or losses arising from plan curtailments and settlements are recognized in the year in which they occur.

The cost for defined contribution benefit plans is expensed as earned by the employees.

(j) Net income per share:

The Company calculates basic earnings per share by dividing net income for the period by the weighted average number of outstanding common shares and calculates diluted earnings per share under the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options are applied to repurchase common shares at the average market price for the period.

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

	2002	2001
Denominator for basic net income per share	**126,610,754**	154,355,808
Effect of dilutive stock options	**2,191,220**	1,609,485
Denominator for diluted net income per share	**128,801,974**	155,965,293

1. Significant accounting policies (continued):

(k) Stock option plan:

The Company has a stock option plan that is described in note 10. Effective January 1, 2002, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to the accounting for stock-based compensation and other stock-based payments. The new recommendations require equity instruments awarded to employees and the cost of the service received as consideration to be measured and recognized based on an estimate of the fair value of the equity instruments issued. Compensation expense is recognized over the period of related employee service, usually the vesting period of the equity instrument awarded. The new recommendations permit the measurement of compensation expense for stock option grants to employees and directors that are not direct awards of stock, stock appreciation rights or otherwise call for settlement in cash or other assets by a method other than a fair value based method and to provide pro forma disclosure of the financial results as if a fair value based method had been used.

The Company has elected to continue with the former accounting policy of recognizing no compensation expense when stock options are granted and to provide pro forma disclosure as if a fair value based method had been used. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. The pro forma fair value disclosures are provided in note 10(c). Any consideration received on the exercise of stock options is credited to share capital.

(l) Deferred share units:

Directors and executive officers of the Company may elect to receive some elements of their compensation in the form of grants of notional Deferred Share Units (Units). The number of Units allotted is determined by the amount of compensation elected to be invested in the Units divided by the market value of the Company's common shares at the time the compensation is earned. These Units are redeemable for cash based on the market value of the Company's common shares. The amounts invested in the Units and changes in the fair value of the Units are included in earnings.

(m) Revenue recognition:

Revenue is generally recognized as risk and title to the product transfers to the customer, which usually occurs at the time shipment is made.

(n) Foreign currency translation:

The Company translates foreign currency denominated monetary items at the rates of exchange prevailing at the balance sheet dates and revenues and expenditures at average rates of exchange during the year. Foreign exchange gains or losses are included in earnings.

(o) Financial instruments:

A substantial portion of the Company's business is transacted in its reporting currency, the U. S. dollar. At the Company's Canadian, New Zealand and Chilean production facilities, certain of the underlying operating costs and capital expenditures are incurred in currencies other than the U. S. dollar. The Company uses derivative financial instruments to reduce its exposure to fluctuations in foreign exchange on certain committed and anticipated costs to contribute to achieving cost structure and revenue targets. In addition, certain revenues in Europe are realized in the Euro or the British pound. From time to time the Company uses natural gas financial instruments to fix the price of a portion of its natural gas exposures. The Company does not utilize derivative financial instruments for trading or speculative purposes.

1. Significant accounting policies (continued):

(o) Financial instruments (continued):

The Company formally documents all relationships between derivative financial instruments and hedged items, as well as the risk management objective and strategy. The Company assesses, on an ongoing basis, whether the derivative financial instruments continue to be effective in offsetting changes in fair values or cash flows of the hedged transactions.

Foreign exchange translation gains and losses on foreign currency denominated derivative financial instruments used to hedge anticipated or committed U. S. dollar denominated exposures are recognized, together with the forward premium or discount, as an adjustment to the related operating costs, revenue or capital expenditures when the hedged transaction is recorded.

Gains and losses on natural gas financial instruments used to hedge natural gas exposures are recognized as an adjustment to the related hedged transaction when realized.

Premiums paid or received with respect to derivative financial instruments are deferred and amortized to income over the effective period of the contracts.

(p) Income taxes:

Future income taxes are accounted for using the asset and liability method. The asset and liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Future income tax assets and liabilities are determined for each temporary difference based on the tax rates which are expected to be in effect when the underlying items of income and expense are expected to be realized. The effect of a change in tax rates is recognized in the period of substantive enactment. Future tax benefits, such as non-capital loss carryforwards, are recognized to the extent that realization of such benefits is considered to be more likely than not.

The Company does not accrue for taxes that will be incurred upon distributions from its subsidiaries unless it is probable that the earnings will be repatriated.

2. Receivables:

	2002	2001
Trade	**$169,228**	$101,653
Other	**31,809**	33,566
	$201,037	$135,219

3. Property, plant and equipment:

	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
December 31, 2002			
Plant and equipment	**$2,111,575**	**$ 1,363,277**	**$ 748,298**
Plant and equipment under construction or development	**210,705**	**—**	**210,705**
Other	**41,548**	**20,616**	**20,932**
	$2,363,828	**$ 1,383,893**	**$ 979,935**
December 31, 2001			
Plant and equipment	$2,123,853	$ 1,179,372	$ 944,481
Plant and equipment under construction or development	68,460	—	68,460
Other	35,253	16,478	18,775
	$2,227,566	$ 1,195,850	$1,031,716

Included in property, plant and equipment is the idled Medicine Hat Plant 3 which is being maintained in a position to restart if conditions warrant. At December 31, 2002, this facility had a net book value of $64.8 million (2001 — $76.0 million).

4. Interest in Atlas joint venture:

The Company has a 63.1% joint venture interest in Atlas Methanol Company ("Atlas"). The joint venture is constructing a 1.7 million tonne per year methanol plant in Trinidad. Construction is expected to be completed in early 2004.

These consolidated financial statements include the following amounts representing the Company's interest in the Atlas joint venture:

	2002	2001
Consolidated Balance Sheets		
Cash and cash equivalents	**$ 7,168**	$ 1,343
Other current assets	**1,349**	652
Property, plant and equipment	**161,808**	63,131
Other assets	**5,996**	—
Current liabilities	**3,847**	7,690
Limited recourse long-term debt (note 6)	**97,578**	—
Consolidated Statements of Cash Flows		
Cash inflows from financing activities	**91,582**	—
Cash outflows from investing activities	**102,520**	55,441

To December 31, 2002, the joint venture had no revenue and all expenditures were capitalized.

5. Other assets:

	2002	2001
Marketing rights		
North America	**$ 6,635**	$ 9,922
Caribbean	**19,907**	22,638
Europe	**8,340**	9,341
	34,882	41,901
Deferred financing costs	**13,159**	3,166
Natural gas prepayments	**10,464**	12,498
Investments, at cost	**13,342**	13,342
Other	**13,901**	14,786
	$85,748	$85,693

6. Limited recourse long-term debt:

These consolidated financial statements include the Company's proportionate share of limited recourse long-term debt of the Atlas joint venture. These loans are described as limited recourse as they are secured only by the assets of the Atlas joint venture. The Company's proportionate share of the total limited recourse facility is $159 million and the facility will be utilized to fund the construction of Atlas pro rata with equity contributions.

The terms of the limited recourse long-term debt facilities and the Company's proportionate share of the limited recourse long-term debt issued as at December 31, 2002 are as follows:

	2002
Senior commercial bank loan facility to a maximum amount of $72 million with interest rates based on LIBOR plus a spread ranging from 2.25% to 2.75%. Principal will be paid in twelve semi-annual payments commencing six months after the earlier of completion of construction and December 31, 2004	**$43,513**
Senior secured notes to a maximum amount of $63 million bearing an interest rate based on the yield to maturity on a ten-year U.S. treasury security plus 3.85% with semi-annual interest payments. Principal will be paid in nine semi-annual payments commencing six years after the earlier of completion of construction and December 31, 2004	**38,432**
Senior fixed rate bonds to a maximum amount of $15 million bearing an interest rate of 8.25% with semi-annual interest payments. Principal will be paid in four semi-annual payments commencing eleven years after the earlier of completion of construction and December 31, 2004	**9,825**
Subordinated loans to a maximum amount of $9 million with an interest rate based on LIBOR plus a spread ranging from 2.25% to 2.75%. Principal will be paid in twenty semi-annual payments commencing six years after the earlier of completion of construction and December 31, 2004	**5,808**
	$97,578

7. Long-term debt:

	2002	2001
7.75% unsecured notes due August 15, 2005 (effective yield 7.83%)	**$249,646**	$ 249,535
8.75% unsecured notes due August 15, 2012 (effective yield 8.75%)	**200,000**	—
7.40% unsecured notes due August 15, 2002 (effective yield 7.49%)	**—**	149,909
	449,646	399,444
Less current maturities	**—**	(149,909)
	$449,646	$ 249,535

The Company has available an unsecured revolving bank facility of $291 million that expires in January 2004. This facility ranks *pari passu* with the unsecured notes.

8. Other long-term liabilities:

	2002	2001
Site restoration	**$28,879**	$55,851
Fortier asset restructuring	**10,230**	7,455
Saturn acquisition	**4,903**	7,329
Other	**15,047**	13,060
	59,059	83,695
Less current maturities	**(6,079)**	(4,784)
	$52,980	$78,911

The Company has accrued $28.9 million (2001 — $55.9 million) for obligations for future site restoration costs for those sites where a reasonably definitive estimate of the costs can be made. During 2002, after completing a comprehensive review and analysis to update the previous estimate, the Company recorded a $27 million reduction in the accrual for site restoration for the New Zealand facility. There were no cash expenditures in 2002 or 2001 relating to site restoration costs and there are no significant cash expenditures expected for 2003. Because of uncertainties related to estimating future site restoration activities, future costs related to the currently identified sites could differ from the amounts estimated.

9. Capital stock:

(a) The authorized share capital of the Company is comprised as follows:

25,000,000 preferred shares without nominal or par value; and
Unlimited number of common shares without nominal or par value.

(b) Under a covenant set out in the indenture to the 7.75% notes due August 15, 2005, the Company can pay cash dividends or make other shareholder distributions to the extent that shareholders' equity is equal to or greater than $850 million, after giving effect to such distribution. The Company can also declare and pay up to $30 million of dividends in any twelve-month period while shareholders' equity is less than $850 million.

(c) Changes in the capital stock of the Company during the period January 1, 2001 to December 31, 2002 were as follows:

	NUMBER OF COMMON SHARES	CONSIDERATION
Balance, December 31, 2000	160,793,216	$ 660,403
Issued on exercise of stock options	1,739,675	6,428
Shares repurchased	(31,364,949)	(128,680)
Balance, December 31, 2001	131,167,942	$ 538,151
Issued on exercise of stock options	2,191,697	10,684
Shares repurchased	(7,708,000)	(31,625)
Balance, December 31, 2002	**125,651,639**	**$ 517,210**

During 2001 and 2002, the Company repurchased for cancellation, common shares at prices in excess of their assigned value. The cost to acquire the shares in the amount of $56.0 million (2001 — $187.6 million) was allocated $31.6 million (2001 — $128.7 million) to capital stock and $24.4 million (2001 — $58.9 million) to retained earnings.

On February 14, 2003, the Company paid a special dividend of $0.25 per share, or approximately $31 million.

10. Stock option plan:

There are two types of options granted under the plan: incentive stock options and performance stock options. At December 31, 2002, the Company had 2.0 million common shares reserved for future stock option grants to its directors and employees under the Company's stock option plan.

(a) Incentive stock options:

The exercise price of each incentive stock option is equal to the quoted market price of the Company's common shares at the date of the grant. An option's maximum term is ten years; one-half of the options vest one year after the date of the grant, with a further vesting of one-quarter of the options per year over the subsequent two years.

10. Stock option plan (continued):

(a) Incentive stock options (continued):

Common shares reserved for outstanding incentive stock options at December 31, 2002 and 2001 are as follows:

	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, 2000	8,048,525	$ 9.52	—	$ —
Granted	2,963,900	9.56	—	—
Exercised	(1,739,675)	5.72	—	—
Cancelled	(582,000)	12.48	—	—
Outstanding at December 31, 2001	8,690,750	$ 10.09	—	$ —
Granted	—	—	2,474,000	6.47
Exercised	(1,728,897)	8.37	—	—
Cancelled	(113,525)	9.85	(42,000)	6.45
Outstanding at December 31, 2002	**6,848,328**	**$ 10.53**	**2,432,000**	**$ 6.47**

	STOCK OPTIONS OUTSTANDING AT DECEMBER 31, 2002			STOCK OPTIONS EXERCISABLE AT DECEMBER 31, 2002	
RANGE OF EXERCISE PRICES	NUMBER OF STOCK OPTIONS OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF STOCK OPTIONS EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
Options denominated in CAD $					
$ 2.93 to 5.85	**893,778**	**6.9**	**$ 4.00**	**470,091**	**$ 4.65**
8.25 to 14.63	**5,754,550**	**5.3**	**11.08**	**4,315,475**	**11.59**
23.75	**200,000**	**1.8**	**23.75**	**200,000**	**23.75**
	6,848,328	**5.4**	**$ 10.53**	**4,985,566**	**$ 11.42**
Options denominated in US $					
$ 6.45 to 8.79	**2,432,000**	**9.2**	**$ 6.47**	**—**	**$ —**

(b) Performance stock options:

	NUMBER OF STOCK OPTIONS	AVERAGE EXERCISE PRICE (CAD $)
Outstanding at December 31, 2000	2,200,000	$ 4.47
Cancelled	(75,000)	4.47
Outstanding at December 31, 2001	2,125,000	$ 4.47
Exercised	(462,800)	4.47
Outstanding at December 31, 2002	**1,662,200**	**$ 4.47**

10. Stock option plan (continued):

(b) Performance stock options (continued):

The vesting of the performance stock options is tied to the market value of the Company's common shares subsequent to the date of grant. The performance stock options expire September 9, 2009. After September 30, 2002, approximately one-third of the options vest if the common shares have traded at or above CAD $10 per share subsequent to the date of grant; a further one-third vest if the common shares have traded at or above CAD $15 per share subsequent to the date of grant and the options are fully vested if the common shares have traded at or above CAD $20 per share subsequent to the date of grant. On October 1, 2002, 699,000 options vested and became exercisable as the common shares had traded above CAD $10 per share subsequent to the date of grant. As at December 31, 2002, 236,200 outstanding performance stock options had vested and were exercisable at a price of CAD $4.47.

(c) Fair value method disclosure:

If the fair value based method, as described in note 1(k), had been used to measure and recognize stock-based compensation, the Company's net income and net income per share for the year ended December 31, 2002 would have been as follows:

	2002
Net income — as reported	**26,414**
Net income — pro forma	**22,970**
Net income per share — as reported	**0.21**
Net income per share — pro forma	**0.18**

The pro forma amounts exclude the effect of stock options granted prior to January 1, 2002. 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: risk-free interest rate of 5%, dividend yield of 0%, expected life of 5 years, and volatility of 35%.

The weighted average fair value of stock options granted during the year ended December 31, 2002 was US $2.46 per share.

11. Interest expense:

	2002	2001
Interest expense before capitalized interest	**$38,314**	$32,886
Capitalized interest	**(9,342)**	(1,038)
Interest expense	**$28,972**	$31,848

12. Asset restructuring charge:

	2002	2001
Write-down of property, plant and equipment	**$108,704**	$ —
Other	**6,683**	11,060
	$115,387	$11,060

During 2002, the Company recorded an asset restructuring charge related to the write-off of the Fortier, Louisiana methanol facility which has been idled since March 1999.

In 2001, the Company recorded an asset restructuring charge related primarily to employee severance and mothball costs relating to the idling of the Medicine Hat Plant for an indeterminate period.

13. Segmented information:

The Company's operations consist of the production and sale of methanol, which constitutes a single operating segment.

Revenues attributed to geographic regions, based on location of customers, are as follows:

	CANADA	UNITED STATES	JAPAN	OTHER ASIA	EUROPE	LATIN AMERICA	TOTAL
Revenue							
2002	**$39,580**	**$300,203**	**$127,107**	**$240,423**	**$225,072**	**$76,407**	**$1,008,792**
2001	70,855	375,061	139,405	219,722	261,677	82,245	1,148,965

Net book value of property, plant and equipment by country is as follows:

	CANADA	UNITED STATES	NEW ZEALAND	CHILE	TRINIDAD	OTHER	TOTAL
Property, plant and equipment							
2002	**$72,237**	**$ —**	**$ 98,833**	**$612,575**	**$161,808**	**$34,482**	**$ 979,935**
2001	79,531	115,516	128,781	629,765	63,131	14,992	1,031,716

14. Income and other taxes:

(a) Income tax expense differs from the amounts that would be obtained by applying the Canadian statutory income tax rate to the respective year's income before taxes. These differences are as follows:

	2002	2001
Canadian statutory tax rate	**40%**	45%
Computed 'expected' tax expense	**$ 20,530**	$ 45,344
Increase (decrease) in tax resulting from:		
Income taxed in foreign jurisdictions	**(34,254)**	(59,090)
Losses not tax-effected	**76,502**	50,285
Benefits of previously unrecognized loss carryforwards and temporary differences	**(22,876)**	(12,020)
Non-taxable income and non-deductible costs	**(15,491)**	4,328
Large corporation tax	**500**	500
Total income tax expense	**$ 24,911**	$ 29,347
Income tax expense is represented by:		
Current income tax	**$ 16,465**	$ 7,185
Future income tax	**8,446**	22,162
	$ 24,911	$ 29,347

14. Income and other taxes (continued):

(b) The tax effect of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities are presented below:

	2002	2001
Future tax liabilities		
Property, plant and equipment	**$ 163,427**	$ 204,729
Other	**37,989**	22,420
	201,416	227,149
Future tax assets		
Non-capital loss carryforwards	**156,355**	141,967
Property, plant and equipment	**29,776**	14,262
Other	**22,106**	28,485
	208,237	184,714
Future tax asset valuation allowance	**(179,736)**	(122,034)
	28,501	62,680
Net future income tax liability	**$ 172,915**	$ 164,469

(c) At December 31, 2002, the Company had non-capital loss carryforwards available for tax purposes of $353 million in Canada and the United States and $26 million in New Zealand. In Canada and the United States these loss carryforwards expire between 2006 and 2021. In New Zealand the loss carryforwards do not have an expiry date.

15. Derivative financial instruments:

The Company's forward exchange contracts in Euros (EUR), British pounds (GBP), New Zealand dollars (NZD) and Canadian dollars (CAD) at December 31, 2002 are as follows:

		NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	MATURITY
Purchase Contracts				
Forward exchange contracts	**NZD**	**370 million**	**$ 0.4956**	**2003-2004**
Forward exchange contracts	**EUR**	**110 million**	**$ 0.9995**	**2005**
Forward exchange contracts	**CAD**	**100 million**	**$ 0.6714**	**2003**
Sales Contracts				
Forward exchange contracts	**EUR**	**13 million**	**$ 0.9727**	**2003**
Forward exchange contracts	**GBP**	**2 million**	**$ 1.5465**	**2003**

16. Fair value disclosures:

The carrying value and fair value of the financial instruments are as follows:

	2002		2001	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Long-term debt	**$(449,646)**	**$(468,000)**	$(399,444)	$(392,000)
Limited recourse long-term debt	**$ (97,578)**	**$ (98,000)**	$ —	$ —
Derivative financial instruments:				
Forward exchange contracts	**$ —**	**$ 1,632**	$ —	$ (84,453)
Foreign currency options	**$ —**	**$ —**	$ 3,806	$ —

Included in the fair value of the derivative financial instruments referred to in the table above were unrealized losses of $2.8 million (2001 — $42.7 million) related to forward exchange contracts and foreign exchange options that hedge anticipated Canadian, New Zealand and Chilean operating costs for which there is not a contractual agreement in place.

The fair value of the Company's long-term debt and limited recourse long-term debt is estimated by reference to current market prices for other debt securities with similar terms and characteristics. The fair value of the Company's forward exchange contracts, currency options and feedstock commodity financial instruments is determined based on quoted market prices received from counterparties. Until settled, the fair value of the derivative financial instruments will fluctuate based on changes in foreign exchange rates. The unrealized gains and losses on these derivative financial instruments will be included in the measurement of the related hedged transaction when realized.

The carrying values of cash and cash equivalents, trade receivables, accounts payable and accrued liabilities, and other long-term liabilities meeting the definition of a financial instrument approximate their fair value.

The Company is exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments but does not expect any counterparties to fail to meet their obligations. The Company deals with only highly rated counterparties, normally major financial institutions. The Company is exposed to credit risk when there is a positive fair value of derivative financial instruments at a reporting date. The maximum amount that would be at risk if the counterparties failed completely to perform under the contracts was $3.4 million at December 31, 2002 (2001 — $4.8 million).

17. Retirement plans:

The Company has non-contributory defined benefit pension plans covering certain employees. At December 31, 2002, the estimated present value of accrued pension benefits was $19.2 million (2001 — $18.0 million) and the market value of the plan's assets was $17.3 million (2001 — $15.5 million). The Company also has defined contribution pension plans.

Total pension costs charged to operations during the year were $5.9 million (2001 — $6.0 million).

18. Commitments:

(a) The Company has commitments under take-or-pay contracts to purchase annual quantities of feedstock supplies and to pay for transportation capacity related to these supplies. The minimum estimated commitment under these contracts, after reflecting the results of the re-determination of the Maui natural gas field in New Zealand (note 1(f)), for the next five years is as follows:

2003	$143,444
2004	$151,532
2005	$160,435
2006	$163,199
2007	$163,570

(b) The Company has future minimum lease payments under operating leases relating primarily to vessel charter, terminal facilities, office space and equipment for the next five years as follows:

2003	$91,295
2004	$90,141
2005	$88,817
2006	$86,000
2007	$78,104

(c) The Company has commitments to market, for a fee, methanol produced by another methanol producer and the Atlas joint venture through to 2009 and 2018, respectively.

(d) The Company estimates that its remaining share of capital expenditures, excluding capitalized interest, to complete the construction of the Atlas methanol facility in Trinidad and other commitments, will be approximately $115 million. The Company expects that these expenditures will be funded from cash generated from operations, cash and cash equivalents and the proceeds from the limited recourse debt facilities. At December 31, 2002, the Company estimates its future cash equity contribution to complete the project will be approximately $50 million.

(e) The Company is currently expanding its methanol production facilities in Chile. The Company estimates that the remaining capital expenditures for this project, excluding capitalized interest, will be approximately $225 million and will be incurred in 2003 through 2005. The Company expects that these expenditures will be funded from cash generated from operations and cash and cash equivalents.

(f) In 2002, the Company entered into an exclusive agreement with Lyondell Chemical Company to supply Lyondell's methanol feedstock requirements in North America and Europe commencing January 1, 2003. In addition, the Company will acquire Lyondell's customer list and a number of customer contracts in North America for $10 million, effective January 1, 2004, and the consideration is due in June 2003.

Exhibit 4

METHANEX CORPORATION
Supplemental Information, Page 1
Reconciliation With United States Generally Accepted Accounting Principles

(Tabular amounts are in thousands of U.S. dollars, except per share amounts)

Methanex Corporation (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 ("U.S. GAAP"). The significant differences between Canadian GAAP and U.S. GAAP with respect to the Company's consolidated financial statements are as follows:

(a) Income tax accounting:

The income tax differences identified in note (h) include the income tax effect of other differences between Canadian GAAP and U.S. GAAP described below.

(b) Business combination:

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 U.S. GAAP, the business combination would have been accounted for as a purchase with the Company identified as the acquirer.

For U.S. GAAP purposes, property, plant and equipment would increase by $85.6 million for the year ended December 31, 2002 (2001 — $110.4 million), which represents the adjustments, net of depreciation, to record the business combination described above as a purchase.

(c) Interest in joint venture:

U.S. GAAP requires interests in joint ventures to be accounted for using the equity method, whereas Canadian GAAP requires proportionate consolidation of interests in joint ventures. The impact of applying the equity method of accounting does not result in any change to net income or shareholders' equity and as such the Company has not made an adjustment in this reconciliation for this difference in accounting principles. This departure from U.S. GAAP is acceptable for foreign private issuers under the practices prescribed by the United States Securities and Exchange Commission. A summary balance sheet and cash flow statement for the interest in the joint venture is provided in note 4 to the Company's consolidated financial statements.

(d) Derivative instruments and hedging activities:

Under Canadian GAAP, unrealized gains or losses on foreign currency contracts are recognized in earnings when the related hedged transaction is realized.

Under U.S. GAAP, the fair values of all derivative instruments are recognized as assets or liabilities at the balance sheet date. Changes in the fair value of these instruments are reported in net income or other comprehensive income, depending on the use of the derivative and whether it qualifies for hedge accounting treatment. The Company designates each derivative instrument as either a cash flow hedge or a fair value hedge. Cash flow hedges are hedges of the variability of cash flows relating to forecasted transactions and fair value hedges are hedges of changes in fair value of a recognized asset or liability or of an unrecognized firm commitment. For cash flow hedges, the effective portion of the gain or loss on the derivative instrument is reported initially as a component of other comprehensive income and subsequently reclassified into earnings when the forecasted transaction occurs. For fair value hedges, at each balance sheet date the effective portion of the gain or loss on the derivative instrument is recognized in net income together with the corresponding gain or loss on the hedged item attributable to the risk being hedged. Any amounts excluded from the assessment of hedge effectiveness as well as any ineffective portion of a derivative's change in fair value are immediately recognized in net income.

(Tabular amounts are in thousands of U.S. dollars, except per share amounts)

(d) Derivative instruments and hedging activities (continued):

For the year ended December 31, 2002, the Company recorded a net adjustment to increase income before taxes by $18.8 million (2001 – $18.9 million), which represents the difference between Canadian and U.S. GAAP for accounting for derivative instruments.

(e) Stock compensation:

For U.S. GAAP purposes, the Company has elected under Statement of Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation" to continue to apply the provisions of Accounting Principles Board Opinion 25 to its accounting for stock compensation to employees. Under APB 25, compensation is measured based on the intrinsic value method. Under the intrinsic value method, compensation expense is recorded for the excess on the measurement date of the market price of the stock over the exercise price of the stock option. The measurement date is the first date on which both the number of shares the employee is entitled to receive and the exercise price are known. If the measurement date is later than the date of grant then the plan is termed a variable plan and compensation expense is measured as the amount by which the quoted market price of the Company's common shares exceeds the exercise price of the stock option at each reporting date until the measurement date. Compensation expense is recognized ratably over the vesting period.

For U.S. GAAP purposes the following adjustments to income before taxes have been made:

(i) Incentive stock options — The Company grants incentive stock options which have exercise prices based on the market price at the date of grant and, accordingly, no stock compensation expense is required to be recorded. The Company granted 946,000 stock options in 2001 that are accounted for under U.S. GAAP as variable plan options 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. During the year ended December 31, 2002, the Company recorded $1.9 million in compensation expense related to these variable plan options.

(ii) Performance stock options — The Company has also granted performance stock options for which the measurement date is not known until certain performance criteria are achieved. For the year ended December 31, 2002 the compensation expense related to the performance stock options was $0.6 million (2001 — $1.9 million).

(f) Shipping and handling costs:

Certain shipping and handling costs are netted against revenue for the Company's Canadian GAAP consolidated financial statements. U.S. GAAP requires the presentation of revenue without deductions for shipping and handling costs. For U.S. GAAP purposes, revenue and cost of sales would increase by $33.0 million for the year ended December 31, 2002 (2001 – $43.3 million).

(g) Impact of recently issued U.S. accounting pronouncements:

(i) Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" – FAS 146 relates to the recognition of a liability for a cost associated with an exit or disposal activity and requires that a liability be recognized for those costs only when the liability is incurred. FAS 146 also establishes fair value as the objective for initial measurement of liabilities related to exit or disposal activities. FAS 146 is effective for exit or disposal activities that are initiated after December 31, 2002.

(Tabular amounts are in thousands of U.S. dollars, except per share amounts)

(g) Impact of recently issued U.S. accounting pronouncements (continued):

(ii) Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" — FAS 144 supersedes FAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" and related literature. FAS 144 establishes a single accounting model, based on the framework of FAS 121, for long-lived assets to be disposed of by sale. The statement retains most of the requirements in FAS 121 related to the recognition of impairment of long-lived assets to be held and used. The statement is effective for fiscal years beginning after December 15, 2001. The adoption of FAS 144 had no material effect on the Company's financial results.

(iii) Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" – FAS 143 requires that obligations associated with the retirement of tangible long-lived assets and associated retirement costs be recognized at fair value in the period in which the obligation is incurred with a corresponding increase in the carrying amount of the related long-lived asset. FAS 143 is effective for fiscal years beginning after June 15, 2002. The Company is evaluating the impact of adopting this statement.

(iv) The FASB has also issued interpretations with wide applicability:

- Financial Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Discounting Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" which addresses disclosure and initial recognition and measurement provisions related to guarantees. The disclosure provisions became effective for periods ending after December 15, 2002. The initial recognition and measurement provisions apply to guarantees issued after December 31, 2002.

- Financial Interpretation No. 46 (FIN 46), "Consideration of Variable Interest Entities", which addresses the consolidation of variable entities (formerly "Special-Purpose Entities"). The Interpretation is effect for interim or annual periods beginning after June 15, 2003.

FIN 45 and FIN 46 are not expected to currently impact the Company's financial statements.

(Tabular amounts are in thousands of U.S. dollars, except per share amounts)

(h) Impact of U.S. GAAP differences:

(i) Condensed consolidated balance sheets:

	December 31, 2002			December 31, 2001
	Canadian GAAP	Adjustments	U.S. GAAP	U.S. GAAP
Assets				
Current assets	753,628	—	753,628	$ 575,941
Property, plant and equipment (b)	979,935	85,598	1,065,533	1,142,094
Other assets (d)	85,748	7,051	92,799	125,398
	$1,819,311	$ 92,649	$1,911,960	$ 1,843,433
Liabilities and Shareholders' Equity				
Current liabilities	$ 142,114	$ —	$ 142,114	$ 264,974
Long-term limited recourse debt	97,578	—	97,578	—
Long-term debt	449,646	—	449,646	249,535
Other long-term liabilities (d)	52,980	9,766	62,746	159,775
Future income taxes (a)	172,915	15,747	188,662	184,606
Shareholders' equity:				
Capital stock (b)	517,210	393,948	911,158	932,099
Additional paid-in capital (e)	—	4,424	4,424	2,555
Deferred stock compensation (e)	—	—	—	(624)
Retained earnings	386,868	(339,571)	47,297	63,401
Accumulated other comprehensive income (loss) (d)	—	8,335	8,335	(12,888)
	904,078	67,136	971,214	984,543
	$1,819,311	$ 92,649	$1,911,960	$ 1,843,433

(Tabular amounts are in thousands of U.S. dollars, except per share amounts)

(h) Impact of U.S. GAAP differences (continued):

(ii) Condensed consolidated statements of income and retained earnings:

	December 31, 2002			December 31, 2001
	Canadian GAAP	Adjustments	U.S. GAAP	U.S. GAAP
Revenue (d)(f)	$1,008,792	$ 33,002	$1,041,794	$ 1,195,480
Cost of sales and operating expenses (d)(e)(f)	739,156	16,703	755,859	936,958
Depreciation and amortization (b)	111,289	24,780	136,069	137,192
Operating income before undernoted items	158,347	(8,481)	149,866	121,330
Interest expense	(28,972)	—	(28,972)	(31,848)
Interest and other income	10,365	—	10,365	19,028
Asset restructuring charge	(115,387)	—	(115,387)	(11,060)
Site restoration adjustment	26,972	—	26,972	—
Income before income taxes and undernoted items	51,325	(8,481)	42,844	97,450
Income tax expense (a)	(24,911)	2,819	(22,092)	(27,527)
Net income before undernoted item	26,414	(5,662)	20,752	69,923
Cumulative effect of accounting change	—	—	—	(959)
Net income	26,414	(5,662)	20,752	68,964
Retained earnings (deficit), beginning of year	397,310	(333,909)	63,401	53,377
Excess of purchase price over assigned value of common shares	(24,349)	—	(24,349)	(58,940)
Dividend payments	(12,507)	—	(12,507)	—
Retained earnings, end of year	$ 386,868	$(339,571)	$ 47,297	$ 63,401
Basic net income per share before cumulative effect of accounting change	$ 0.21	$ (0.05)	$ 0.16	$ 0.45
Basic net income per share	$ 0.21	$ (0.05)	$ 0.16	$ 0.45
Diluted net income per share	$ 0.21	$ (0.05)	$ 0.16	$ 0.44

(Tabular amounts are in thousands of U.S. dollars, except per share amounts)

(h) Impact of U.S. GAAP differences (continued):

(iii) Statement of comprehensive income and accumulated other comprehensive income (loss):

	December 31, 2002	December 31, 2001
	U.S. GAAP	U.S. GAAP
Net income	$ 20,752	$ 68,964
Other comprehensive income (loss), net of income tax:		
Cumulative effect of accounting change	—	(9,652)
Change in fair value of cash flow hedging instruments (d)	21,233	(3,236)
Other comprehensive income (loss)	21,233	(12,888)
Comprehensive income	$ 41,985	$ 56,076
Accumulated other comprehensive loss, beginning of year	$ (12,888)	$ —
Other comprehensive income (loss)	21,223	(12,888)
Accumulated other comprehensive income (loss), end of year	$ 8,335	$ (12,888)

Exhibit 5



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CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the use of the following reports in this annual report on Form 40-F (the "Form 40-F") of Methanex Corporation (the "Company") to be filed with the United States Securities and Exchange Commission.

1. Auditors' Report to the Shareholders of Methanex Corporation dated March 7, 2003 included in the Annual Report of the Company and incorporated by reference in the Form 40-F; and

2. Auditors' Report to the Board of Directors and Shareholders of Methanex Corporation dated March 7, 2003 included herein.

KPMG LLP (signed)

Chartered Accountants

Vancouver, Canada
March 7, 2003

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders
of Methanex Corporation

Under date of March 7, 2003, we reported on the consolidated balance sheets of Methanex Corporation (the "Company") as of December 31, 2002 and 2001, and the related consolidated statements of income and retained earnings and cash flows for the years then ended, which are included in the Annual Report of the Company dated March 7, 2003. These consolidated financial statements and our report thereon are incorporated by reference in the Annual Report on Form 40-F for the year 2002. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related supplemental information entitled "Reconciliation With United States Generally Accepted Accounting Principles". This supplemental information is the responsibility of the Company's management. Our responsibility is to express an opinion on this supplementary information based on our audits.

In our opinion, such supplemental information, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP (signed)

Chartered Accountants

Vancouver, Canada
March 7, 2003

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Methanex Corporation (the "Company") on Form 40-F for the year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Pierre Choquette, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ PIERRE CHOQUETTE

Pierre Choquette
President and Chief Executive Officer
March 28, 2003

Exhibit 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Methanex Corporation (the "Company") on Form 40-F for the year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ian Cameron, Senior Vice President, Finance and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ IAN CAMERON

_____

Ian Cameron
Senior Vice President, Finance and Chief Financial Officer
March 28, 2003