United States 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**

þ **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2006 **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 Centre, 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.

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

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

None

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

Title of each class

8.75% Senior Notes due August 15, 2012
6.00% Senior Notes due August 15, 2015

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

þ Annual Information Form þ 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.

105,800,942 Common Shares were outstanding as of December 31, 2006

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 þ

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 þ No o

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 the Registrant's 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. The Registrant's Chief Executive Officer and Chief Financial Officer have evaluated the Registrant's disclosure controls and procedures as of December 31, 2006 and have determined that such disclosure controls and procedures are effective.

Internal control over financial reporting is a process designed by, or under the supervision of, senior management, and effected by the Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's consolidated financial statements in accordance with Canadian generally accepted accounting principles (GAAP), including a reconciliation to United States GAAP. These controls include policies and procedures that:

- § pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- § provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company; and
- § provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual financial statements or interim financial statements.

There have been no changes during the year ended December 31, 2006 to internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal controls over financial reporting.

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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management's Report on Internal Control over Financial Reporting is provided in Management's Discussion and Analysis in Exhibit 2 and the Report of Independent Registered Public Accounting Firm on such Management's Report is provided in Exhibit 4.

AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant's Board of Directors has determined that it has at least one audit committee financial expert serving on its audit committee. Mr. A. Terence Poole has been determined to be such audit committee financial expert and is independent, as that term is defined by Nasdaq's corporate governance standards applicable to the Registrant. The Commission has indicated that the designation of Mr. Poole as an audit committee financial expert does not make Mr. Poole an "expert" for any other purpose, impose any duties, obligations or liability on Mr. Poole that are greater than those imposed on members of the audit committee and board of directors who do not carry this designation or affect the duties, obligations or liability of any other member of the audit committee.

CODE OF ETHICS

The Registrant has adopted a code of ethics that applies to directors, officers and employees including the Registrant's principal executive officer, principal financial officer and principal accounting officer. A copy of the Registrant's code, entitled "Code of Business Conduct", can be found on the Registrant's website at www.methanex.com. No waivers from or material amendments to the provisions of the Code were made in 2006.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

KPMG LLP, Chartered Accountants, Vancouver, are the independent auditors of the Company and the holders of the Company's common shares have resolved to have the directors of the Company determine the auditor's remuneration.

Pre-approval policies and procedures

The Company's Audit Committee annually reviews and approves the terms and scope of the external auditors' engagement. The Audit Committee oversees the Audit and Non-Audit Pre-Approval Policy which sets forth the procedures and the conditions pursuant to which permissible services proposed to be performed by KPMG LLP, the Company's external auditors, are pre-approved. The Audit Committee has delegated to the Chairman of the Audit Committee pre-approval authority for any services not previously approved by the Audit Committee. All such services approved by the Chairman of the Audit Committee are subsequently reviewed by the Audit Committee.

All non-audit service engagements, regardless of the cost estimate, are required to be coordinated and approved by the Chief Financial Officer to further ensure that adherence to this policy is monitored.

Fees to KPMG LLP during the years ended December 31, 2006 and December 31, 2005 were as follows:

US$000's	**2006**	**2005**
Audit Fees	1,654	526
Audit-Related Fees	146	136
Tax Fees	397	158
All Other Fees	—	—
Total	**2,197**	**820**

The nature of each category of fees is described below.

Audit Fees:

Audit fees were paid for professional services rendered by the auditors for the audit of the Company's consolidated financial statements; statutory audits of the financial statements of the Company's subsidiaries; quarterly reviews of the Company's financial statements; consultations as to the accounting or disclosure treatment of transactions reflected in the financial statements;

and services associated with registration statements, prospectuses, periodic reports and other documents filed with securities regulators.

Audit fees paid in 2006 are in respect of an “integrated audit” performed by KPMG LLP. The integrated audit encompasses an opinion on the fairness of presentation of the Company’s financial statements as well as opinions on the effectiveness of the Company’s internal controls over financial reporting and on management’s assessment of internal controls over financial reporting. In addition, the understanding and testing of internal controls in the integrated audit is much broader and in more depth than in a financial statement audit.

Audit-Related Fees:

Audit-related fees were paid for professional services rendered by the auditors for financial audits of employee benefit plans; procedures and audit or attest services not required by statute or regulation; advice and documentation assistance with respect to internal controls over financial reporting and disclosure controls; and consultations as to the accounting or disclosure treatment of other transactions.

Tax Fees:

Tax fees were paid for professional services rendered for tax compliance, tax advice and tax planning. These services consisted of: tax compliance including the review of tax returns; assistance in completing routine tax schedules and calculations; and tax planning and advisory services relating to common forms of domestic and international taxation.

OFF-BALANCE SHEET ARRANGEMENTS

Disclosure of off-balance sheet arrangements is made on page 22 of the Registrant’s “Management’s Discussion and Analysis” for the year ended December 31, 2006, filed as Exhibit No. 2 to this report.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Tabular disclosure of contractual obligations is made on page 20 of the Registrant’s “Management’s Discussion and Analysis” for the year ended December 31, 2006, filed as Exhibit No. 2 to this report.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Registrant’s audit committee is comprised of the following directors: A. Terence Poole (chair), Phillip Cook, John Reid, Janice Rennie, and Graham Sweeney.

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 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, and; with respect to the 6.0% Senior Notes due August 15, 2015 was filed with the Commission together with the Form F-9 of the Registrant on July 21, 2005.

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: April 2, 2007

By: /s/ RANDY MILNER
Name: Randy Milner
Title: Senior Vice President,
General Counsel & Corporate Secretary

LIST OF EXHIBITS

Exhibit No.	Description
1.	Annual Information Form of the Registrant dated March 23, 2007.
2.	Management's Discussion and Analysis for the Year Ended December 31, 2006.
3.	Audited Consolidated Financial Statements of the Registrant for the year ended December 31, 2006 and the Independent Auditor's Report thereon.
4.	Report of Independent Registered Public Accounting Firm on Management's Report on Internal Control over Financial Reporting.
23.	Consent of KPMG LLP dated March 26, 2007 and Report of Independent Accountants.
31.1	Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Senior Vice President, Finance and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of 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 23, 2007

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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 refers 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. Methanol’s chemical formula is CH_3OH and it is also known as methyl alcohol.

In this AIF, we incorporate by reference our 2006 Management’s Discussion and Analysis (“2006 MD&A”) which contains information required to be included in this AIF. The 2006 MD&A is publicly accessible and is filed on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

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

1 tonne of methanol = 332.6 US gallons

Historical price data and supply and demand statistics for methanol and certain other industry data 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., Jim Jordan & Associates and Tecnon (UK) Ltd. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein.

Responsible Care® is a registered trademark of the Canadian Chemical Producers' Association and is 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. These statements include forward-looking statements both with respect to us and the chemicals industry. Statements that include the words "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates," "anticipates," or the negative version of those words or other comparable terminology and similar statements of a future or forward-looking nature identify forward-looking statements. Methanex believes that it has a reasonable basis for making such 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. Certain material factors or assumptions were applied in drawing the conclusions or making the forecasts or projections which are included in these forward-looking statements.

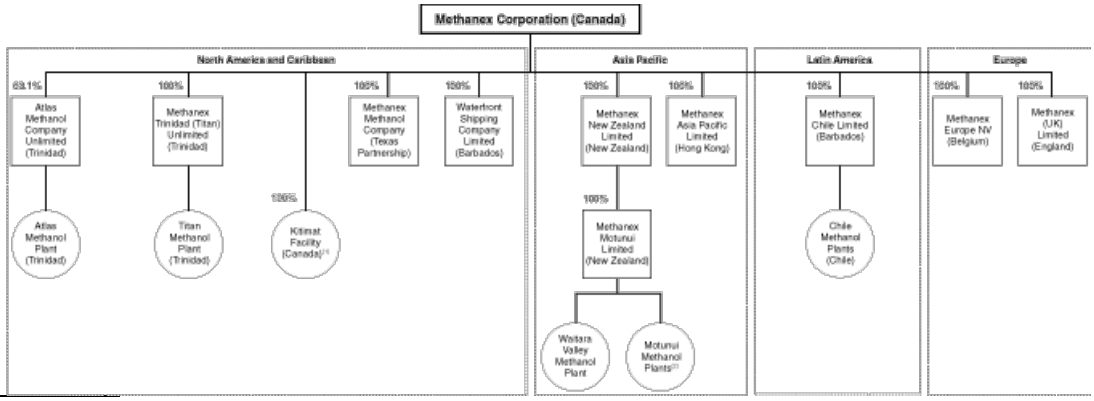
Important factors that can cause stated outcomes to differ materially from actual outcomes include, but are not limited to, worldwide economic conditions; conditions in the methanol and other industries, including the supply of methanol; demand for methanol and its derivatives; actions of competitors; actions of governments including changes in laws or regulations; the ability to implement business strategies, pursue business opportunities and maintain and enhance our competitive advantages; 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 projects on time and on budget; availability and price of natural gas feedstock; 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 discussed under the heading "Risk Factors and Risk Management" in our 2006 MD&A.

Having in mind these and other factors, investors and other readers are cautioned not to place undue reliance on forward-looking statements. They are not a substitute for the exercise of one's own due diligence and judgment. The outcomes anticipated in forward-looking statements may not occur and we do not undertake to update forward-looking statements.

THE COMPANY

Methanex Corporation was incorporated under the laws of Alberta on March 11, 1968 and was continued under the *Canada Business Corporations Act* on March 5, 1992. Its registered and 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, 2006 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) We permanently closed the Kitimat facility on November 1, 2005.

(2) The 1.9 million tonne per year Motunui facility was permanently closed in November 2004 as a result of natural gas supply constraints.

BUSINESS OF THE COMPANY

We are the world's largest producer and marketer of methanol and the largest supplier of methanol to the major international markets of North America, Asia Pacific and Europe as well as Latin America.

What is Methanol?

Methanol is a liquid chemical produced primarily from natural gas and is typically used as a chemical feedstock in the manufacture of other products. Estimated 2006 global methanol demand is approximately 38 million tonnes.

Approximately 80% of all methanol is used in the production of derivative chemicals such as formaldehyde, acetic acid and a variety of other chemicals that 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 energy sector. Methanol is used to produce MTBE, a gasoline component and there are developing markets for using methanol in energy applications such as biodiesel, methanol to power generation, di-methyl ether (DME) and fuel blending. 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.

Our Operations

We own and operate methanol production facilities located in Chile, Trinidad and New Zealand. Our core production hubs in Chile and Trinidad have an annual production capacity of 5.8 million tonnes and these two hubs represent over 90% of our current total annual production capacity. We also produce methanol from our 0.5 million tonne per year production facility in Waitara Valley, New Zealand which is positioned as a flexible production asset. In addition to the methanol we produce, we currently purchase approximately 1.1 million tonnes annually of methanol produced by others in order to meet customer requirements and support our marketing efforts. We sell methanol through an extensive global marketing and distribution system. This has enabled us to become the largest supplier of methanol to the major international markets of North America, Asia Pacific and Europe as well as Latin America. Our

total sales volume in 2006 was 7.0 million tonnes representing approximately 19% of estimated global demand for methanol.

As a result of our global positioning, including our extensive network of storage terminals and expertise in the global distribution of methanol, 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 security of demand as a result of our excellent record of reliability, as well as marketing and transportation synergies and an improved customer mix.

Our operations consist of the production and sale of methanol, which constitutes a single operating segment. Revenue, sales volumes and production volumes for each of the last two years can be found on page 12 of our 2006 MD&A.

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, we believe, a 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 is to create value by 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 are:

- Low Cost — striving to reduce all aspects of our cost structure;
- Global Leadership — maintaining our world leadership in methanol marketing, logistics and sales; and
- Operational Excellence — focusing on operational excellence in manufacturing and other key areas of our business including prudent financial management.

Low Cost. Maintaining a low cost structure is a key element of competitive advantage in a commodity industry and is a key element of our strategy. Our approach to all business decisions is guided by our drive to maintain and enhance our low cost structure. The most significant components of our costs are natural gas for feedstock and distribution costs associated with delivering methanol to customers.

Natural gas is the primary feedstock at our methanol production facilities. An important element of our strategy is to ensure long-term security of low cost natural gas supply and reduce our reliance on high cost production.

Over the last several years we have developed a production hub in Trinidad with convenient access to methanol markets in North America and Europe. The Trinidad hub consists of the 850,000 tonne per year Titan facility which we wholly own and the 1.7 million tonne per year Atlas plant which is a joint venture with BP. Atlas commenced operations in 2004. We have a 63.1% interest in Atlas and market 100% of its production. Including our proportionate share of Atlas, our Trinidad production hub represents about two million tonnes of annual low cost production capacity.

In 2005, we commenced operations at our 840,000 tonne per year expansion of our methanol production hub in Chile. This expansion is underpinned by a long-term natural gas supply contract. With this expansion, our methanol production hub in Chile has annual production capacity of 3.8 million tonnes.

Our core production hubs in Chile and Trinidad have an annual production capacity of 5.8 million tonnes, which represents over 90% of our current total annual production capacity. These facilities are underpinned by long-term take-or-pay natural gas purchase agreements with pricing terms that vary with methanol prices. The strategic location of our Chile and Trinidad production hubs allows us to deliver methanol cost-effectively to Asia Pacific, Europe, North America and Latin America.

Our production facilities in Chile currently source approximately 62% of their natural gas feedstock from Argentina. During 2006, the government of Argentina passed new legislation increasing the existing duty on natural gas exports paid by our natural gas suppliers. While our gas contracts provide that duties levied by the government of Argentina are payable by the natural gas suppliers, we are in continuing discussions with our Argentinean natural gas suppliers regarding the impact of the increased export duty — refer to *Natural Gas Supply — Chile* on page 14 for further information. We continue to seek alternative sources of natural gas supply to our Chile facilities to minimize the impact of the increased export duty on our operations. There is considerable interest in natural gas exploration in areas

of Southern Chile that are relatively close to our production facilities and we are optimistic that this activity will ultimately provide us with improved long term gas supply security.

We permanently closed our 500,000 tonne per year methanol plant located in Kitimat, British Columbia on November 1, 2005 and with that closure we have eliminated our exposure to high cost North American natural gas feedstock. The site has been converted into a terminal for storing and distributing methanol as well as other products. During 2006, the site has allowed us to further enhance our distribution network and to cost-effectively supply methanol to customers in the Pacific Northwest of North America. We have also positioned our Waitara Valley facility in New Zealand as a flexible production asset with future operations dependant upon methanol industry supply and demand and the availability of natural gas on commercially acceptable terms.

The cost to distribute methanol from our production facilities to customers is also a significant component of our operating costs. These include costs for ocean shipping, in-market storage facilities and in-market distribution. We are focussed on identifying initiatives to reduce these costs. 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. We also 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 vessel contracts.

We are continuously investigating opportunities to further improve the efficiency and cost-effectiveness of distributing methanol from our production facilities to our customers. Our terminal in Korea allows us to efficiently and cost-effectively service our customer base in northeast Asia. In 2005, we expanded the methanol storage capacity at our Korean terminal to 155,000 tonnes and leased terminal capacity in Taicang, China to further improve customer service in China. We also look for opportunities to leverage our global asset position by entering into product exchanges with other methanol producers to reduce our distribution costs.

We believe our production of methanol from large hub facilities with 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.

Global leadership. We are the leading supplier of methanol to the major international markets of North America, Asia Pacific and Europe, as well as Latin America. Our industry leadership has enabled us to play a role in industry pricing through the establishment of published Methanex reference prices in each major market. Our expertise in the global distribution of methanol enables us to enhance value by providing reliable supply to our customers.

Over the past several years, we have played a role in the consolidation of the methanol industry and have positioned ourselves as the supplier of choice for global chemical producers as they face the decision of producing or purchasing their methanol requirements. Over the past few years, we have permanently shut down 2.2 million tonnes of our own higher cost capacity in North America. Other producers have also shut down plants, allowing us to gain new customers.

In 2004, we permanently shut down our 1.9 million tonne per year Motunui site in New Zealand and since then, we have been operating the 530,000 tonne per year Waitara Valley facility. This plant is positioned as a flexible production asset with operations dependant upon methanol industry supply and demand and the availability of natural gas on commercially acceptable terms. In 2006, we produced about 400,000 tonnes of methanol at the Waitara Valley plant. In January 2007, we secured additional amounts of natural gas which, combined with our existing entitlements, is expected to enable the New Zealand plant to operate at least until the end of 2007 and produce approximately 425,000 tonnes of methanol in 2007. We continue to seek other supplies of economically priced natural gas to extend the life of the New Zealand plants. However, there can be no assurance that we will be able to secure additional gas on commercially acceptable terms.

The expansion of our Korean terminal discussed above improves the cost-effectiveness of distributing methanol from our production facilities in Chile to our customers in Asia through the utilization of larger vessels. To that end, we have positioned the Millennium Explorer, our 100,000 dwt ship, in the Pacific in order to serve the Asian market. We have also relocated our Asia Pacific marketing and logistics office from Auckland, New Zealand to Hong Kong and have added staff at our office in Shanghai in order to enhance our customer service and industry positioning in this region. This enables us to participate and improve our knowledge of the rapidly evolving and high growth methanol market in China and other countries in Asia. Our enhanced presence in Asia has also helped us to identify several opportunities to develop applications for methanol to energy.

We continue to actively investigate options to our supply position over the long term. We are in the final stages of developing a project to build a 1.3 million tonne per year methanol facility in Egypt. This project is being developed

through a joint venture in which we have a 60% interest and marketing rights for 100% of production and we expect to make a final investment decision on this project by the middle of 2007.

We also believe that it is important to play a role in developing new markets for methanol. There are developing markets for using methanol in energy applications such as biodiesel, methanol to power generation, di-methyl ether (DME) and fuel blending with the latter two having the largest growth prospects in China. DME, which is typically produced from methanol, can be blended up to 20% with liquefied petroleum gas (LPG) and used for household cooking and heating. DME can also be used as a clean burning substitute for diesel in transportation and as a clean fuel for power generation. In late 2006, we entered into a long-term arrangement with China's XinAo Group under which we will, beginning in late 2007, supply an initial quantity of approximately 300,000 tonnes per year of methanol to XinAo. This methanol is required for a new DME production facility that XinAo is developing near Shanghai which we have an option to take an equity stake in.

Operational Excellence. We maintain a focus on operational excellence in all aspects of our business. This includes excellence in our manufacturing and distribution processes, human resources, corporate governance practices and financial management.

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 the best operator in all aspects of our business and to be the preferred supplier to our customers. 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. In part due to our commitment to Responsible Care, a risk minimization approach developed by the Canadian Chemical Producers' Association, we believe we have reduced the likelihood of unplanned shutdowns and lost time incidents and have achieved an excellent overall environmental and safety record.

We also have adopted a policy on Corporate Social Responsibility ("CSR") which is a natural extension of our Responsible Care ethic. Our CSR policy encompasses corporate governance, employee engagement and development, community involvement, social investment and many other activities that have long been part of our culture.

We operate in a highly competitive and cyclical industry. Accordingly, we believe it is important to maintain financial flexibility throughout the methanol price cycle and have adopted a prudent approach to financial management. Where there are opportunities to grow our position in the methanol industry we apply a disciplined approach which includes minimum target return criteria. We also believe that it is prudent to maintain a conservative balance sheet and have established a track record of returning excess cash to shareholders.

METHANOL INDUSTRY INFORMATION

General

Methanol is a clear colourless liquid that is typically used as a chemical feedstock in the manufacture of other products.

In 2006, approximately 80% of all methanol was used in the production of formaldehyde, acetic acid and a variety of other chemicals that 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 largely in the energy sector, principally as a feedstock in the production of MTBE. MTBE is blended with gasoline and acts as a source of octane and as an oxygenate to reduce the amount of harmful exhaust emissions from motor vehicles. Methanol is also used in other energy applications such as biodiesel and fuel blending.

Methanol is a typical commodity chemical and the methanol industry 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, environmental and other factors and risks. See "Risk Factors and Risk Management" in our 2006 MD&A for more information. In 2006, the use of methanol to make chemical derivatives accounted for about 80% of world methanol demand. Because of the importance and relative stability of chemical derivative demand, methanol traditionally had

been considered to be a mature commodity. The remainder of world methanol demand comes largely from its use as a feedstock for MTBE and other energy applications.

Chemical Derivative Demand. In 2006, methanol for the production of formaldehyde represented approximately 39% of global methanol demand. 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.

In 2006, approximately 11% of all methanol produced annually was used in the production of acetic acid. Acetic acid is a chemical intermediate used 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.

The remaining chemical derivative demand for methanol is 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, aerosol products, de-icing fluid, windshield washer fluid for automobiles and as an antifreeze for pipeline dehydration.

Reflecting the diversity of methanol's end-use products, changes in chemical derivative demand are generally influenced by levels of global industrial production and changes in economic conditions. The use of derivatives 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 Energy Demand. In 2006, methanol for the production of MTBE represented approximately 16% of global methanol demand. MTBE is used primarily as a source of octane and as an oxygenate for gasoline. Other energy applications, including biodiesel and fuel blending, account for approximately 6% of global methanol demand.

During the 1990s, environmental concerns and legislation in the US led to the introduction of a federal oxygenate standard for gasoline which resulted in increased demand for MTBE for use in gasoline in order to reduce automobile tailpipe emissions. Subsequently, concerns in the US were raised regarding the use of MTBE in gasoline. Gasoline containing MTBE has leaked into groundwater in the US principally from underground gasoline storage tanks and has been discharged directly into drinking water reservoirs from recreational watercraft. MTBE is more easily detectable in water than many other gasoline components. The presence of MTBE in some water supplies led to public concern about MTBE's potential to contaminate drinking water supplies. Several states including California, New York, New Jersey and Connecticut have, since 2003, banned the use of MTBE as a gasoline component and this has reduced demand for methanol in the US.

In 2005, the US federal government passed the Energy Policy Act ("EPACT") which contains provisions that have had the effect of reducing demand for MTBE in the US. While EPACT does not provide for a federal ban on the use of MTBE in gasoline, it does waive the federal oxygenate standard for gasoline effective May 2006.

In 2006, the estimated demand for methanol to make MTBE for use in fuel blending in the United States was approximately 1.1 million tonnes. We expect that in 2007, US demand for methanol for MTBE will decline to approximately 0.8 million tonnes. This production is mainly destined for the export market with MTBE no longer being consumed in the United States except for non-fuel use. However, the pace of decline of US methanol demand for MTBE is uncertain and will be determined by various factors including the decision of US-based MTBE producers to continue to make MTBE for export.

Additionally, the US EPA is preparing an Integrated Risk Information System (IRIS) review of the human health effects of MTBE including its potential carcinogenicity and their final report is expected to be released in mid-2008.

The European Union issued a final risk assessment report on MTBE in 2002 that permitted the continued use of MTBE although several risk reduction measures relating to storage and handling of MTBE-containing fuel were recommended. However, governmental efforts in some European Union countries to promote biofuels and alternative fuels through legislation and tax policy are putting competitive pressures on the use of MTBE in gasoline. Several European MTBE production facilities have commenced producing ethyl tertiary butyl ether (ETBE) to take advantage of such tax incentives.

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 that there is potential for continuing growth in MTBE use outside the US and Europe. Our belief is based on 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. A number of Asian countries, including China, have adopted European specifications for gasoline formulations. This is expected to lead to increased consumption of MTBE in these markets.

These recent developments lead us to believe that in 2007 and 2008, global demand for MTBE will decline due to declining MTBE production in the US and increasing incentives for biofuels in Europe and Latin America. However, we expect that demand for MTBE in Asia and the Middle East will continue to grow.

There are several areas for methanol that show growth potential including biodiesel and di-methyl ether (DME) and we are working to promote methanol where there is long-term methanol growth potential. Biodiesel is a renewable fuel made from plant oils or animal fats and requires an alcohol such as methanol as part of the process. In 2006, global methanol demand for use in biodiesel was estimated at 500,000 tonnes. We expect future growth in biodiesel to be driven primarily by high energy prices and government programs to promote a renewable alternative to petroleum fuels.

DME, which is typically produced from methanol, can be blended up to 20% with liquefied petroleum gas (LPG) and used for household cooking and heating. DME can also be used as a clean burning substitute for diesel in transportation and as a clean fuel for power generation. In late 2006, we entered into a long-term arrangement with China's XinAo Group under which we will, beginning in late 2007, supply an initial quantity of approximately 300,000 tonnes per year of methanol to XinAo. This methanol is required for a new DME production facility that XinAo is developing near Shanghai which we have an option to take an equity stake in.

As we enter 2007, we are experiencing healthy global economic conditions and strong demand for methanol. We believe that global chemical derivative demand growth for methanol and demand in other energy applications will more than offset the expected loss of demand for methanol to produce MTBE. We expect energy prices to play an important role in determining the rate at which methanol for energy use expands. However, there can be no assurance that legislation banning or restricting the use of MTBE, or promoting alternatives to MTBE, will not be passed or that negative public perception of MTBE outside of the United States may not develop, either of which would lead to a further decrease in the global demand for MTBE.

Supply Factors

While a significant amount of new methanol capacity has come on stream over the past few years, a large number of higher cost North American and European producers have shut down plants. In addition, the industry has consistently operated significantly below stated capacity, even in periods of high methanol prices, due primarily to shutdowns for planned and unplanned repairs and maintenance.

Newer world-scale 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 three to six years to plan and construct a new world-scale methanol plant. As well, 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 de-bottlenecking existing plants to increase their production capacity.

In 2005, significant capacity additions were our own 840,000 tonne per year Chile IV facility, and the 1.8 million tonne M5 facility in Trinidad. In addition, a large number of smaller-scale, coal-based plants were added in inland China representing between two and three million tonnes of annual capacity.

In 2006, the two significant capacity additions were the 600,000 tonne per year natural gas-based CNOOC Hainan Island facility in China and the 550,000 tonne per year Togliatti facility in Russia. In addition, numerous smaller-scale coal-based plants were added in China, representing approximately 3.5 million tonnes of annual capacity.

Over the two-year period to the end of 2008, it is expected that new capacity and expansions will add approximately 6.5 million tonnes of capacity to the global industry, outside of China. It is expected that the next increment of world-scale capacity will be the 1.7 million tonne per year NPC facility in Iran which is expected to commence operations during the first half of 2007. In addition, there is a 1.0 million tonne per year plant in Oman under construction and it is expected that product from this plant to be available to the market during the second half of 2007. In 2008, it is expected that approximately 3.4 million tonnes of new capacity may be added to the market from two world scale plants in Iran and Saudi Arabia and other expansions. Over the same period, it is also expected that additional plants to be constructed in China. We continue to believe that under normal market conditions, substantially all methanol production in China will be consumed locally and that China will continue to require imports to satisfy demand. We also believe that demand for methanol in China will continue to grow at high rates which will require significant capacity expansion and good operating rates in China in order to satisfy the growth in its domestic demand.

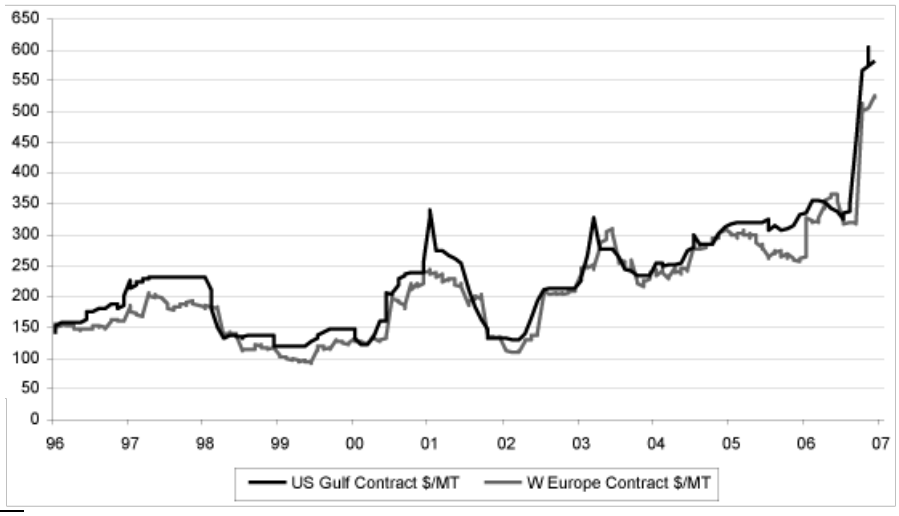
Over the two-year period to the end of 2008, we believe approximately 3.3 million tonnes of capacity could shut down as a result of high feedstock prices. Methanex itself is supplying methanol from two plants with a combined annual capacity of approximately 1.4 million tonnes that could shut down over the next 12 months. This includes our 530,000 tonne Waitara Valley facility located in New Zealand which we are operating as a flexible asset and the 850,000 tonne Celanese facility located in Alberta, Canada. We are purchasing methanol from the Celanese facility under an offtake agreement with Celanese Ltd. that expires March 31, 2007. Over the same period, we believe that the methanol industry will require new capacity outside of China to satisfy traditional demand driven by general economic growth. In addition, we believe there is considerable potential for demand growth in emerging applications for methanol that may impact the supply and demand balance favourably. These emerging applications include biodiesel, methanol for power generation, di-methyl ether (DME) and fuel blending, with the latter two having the largest growth prospects in China.

Typical of most cyclical commodity chemicals, periods of high methanol prices encourage high cost production to operate at maximum rates, construction of new plants and expansion projects leading to the possibility of oversupply in the market. However, historically, not all announced capacity additions result in the completion of new plants. The construction of low-cost world-scale methanol facilities requires significant capital over a long lead time, a location with access to significant natural gas reserves with appropriate pricing and an ability to cost-effectively deliver methanol to customers. Obtaining access to natural gas supply is becoming more challenging as natural gas is increasingly being used for higher value uses such as domestic use, LNG, or other chemical products. In addition, plant construction phases have been extended and capital costs have escalated due to increased demand for raw materials, equipment and labour caused by increased construction activity globally.

With about 20% 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 low cost methanol production capacity.

Methanol Prices

Methanol is an internationally traded commodity. Methanol prices have historically been cyclical and have been sensitive to overall production capacity relative to demand, the price of natural gas feedstock and general economic conditions. The following chart shows published methanol contract prices (in US dollars per tonne) in the US Gulf and Western Europe, two of the world's major methanol markets:



Source: CMAI

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 globally is priced with reference to published regional contract prices to which discounts may be applied. Spot market transactions, though limited in nature and representing a relatively small portion of the total volume that is transacted, also occur.

We publish regional non-discounted prices for each major methanol market and these posted prices are reviewed and revised from time to time based on industry fundamentals and market conditions. The majority of our customer contracts now use published Methanex reference prices as a basis for pricing and customer discounts to these prices may apply based on various factors. We believe that this pricing initiative has brought greater transparency to methanol market pricing.

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 or syngas) 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 endeavour to operate our production facilities around the world in an optimal manner in order 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 operating (a process

commonly known as a turnaround) and these shutdowns typically take between three and four weeks. Catalysts generally need to be changed every six years, although there is flexibility to extend catalyst life if conditions warrant. 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 that is updated annually for all of our production facilities.

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

	Year Built	Operating Capacity[1]	2006 Production	2005 Production
		(tonnes/year)	(tonnes)	(tonnes)
Punta Arenas, Chile				
Chile I	1988	925,000	712,104	843,654
Chile II	1996	1,010,000	849,674	892,905
Chile III	1999	1,065,000	970,138	918,959
Chile IV[2]	2005	840,000	653,858	373,121
Trinidad				
Titan	2000	850,000	864,423	715,487
Atlas[3]	2004	1,073,000	1,057,152	894,808
Waitara Valley, New Zealand[4]	1983	530,000	404,210	343,215
Kitimat, Canada[5]		—	—	375,640
Total		6,293,000	5,511,559	5,357,789

(1) The annual Operating Capacities shown in the table may be higher than the original design capacity due to efficiencies gained through improvements and experience in operating these plants.

(2) The Chile IV plant commenced operations in June 2005.

(3) The Atlas plant commenced production in July 2004. Atlas is a joint venture between Methanex (63.1%) and BP (36.9%). The Operating Capacity and Production shown here are Methanex's proportionate share.

(4) The Waitara Valley facility is positioned as a flexible production asset with operations dependant upon methanol industry supply and demand and the availability of natural gas on commercially acceptable terms.

(5) The Kitimat facilities were constructed in 1982 and were permanently shut down in November 2005.

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 (Hong Kong, Shanghai, Tokyo and Seoul) and Latin America (Santiago, Chile).

Our methanol marketing strategy is based on three principles: 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 that are strategically located in relation to our production facilities; form direct customer relationships rather than sell to methanol traders; and 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 global network of marketing offices, together with our storage and terminal facilities and worldwide shipping operations, 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 the largest supplier to the major international methanol markets and we believe we are a preferred supplier to many large scale consumers in the methanol industry.

We purchase additional methanol from other methanol suppliers through long-term offtake agreements and from time to time on the spot market in order to meet customer needs and support our marketing efforts. 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 on the spot market also provides us the opportunity to build our sales base prior to bringing on our own new capacity. During 2006, we sold about 1.1 million tonnes of methanol purchased from third parties.

Currently, over 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 published Methanex reference prices at the time of shipment. In order to reduce the impact of cyclical pricing on our earnings, we have positioned ourselves with certain customers under long-term contracts where prices are either fixed or linked to our costs plus a margin and during 2006, sales under these contracts represented about 20% of our total sales volumes. We believe it is important to maintain financial flexibility throughout the methanol price cycle and these strategic contracts are a part of our balanced approach to the management of cash flow and liquidity.

A market is beginning to be developed for the sale of methanol for energy-related uses — particularly for Dimethyl Ether (“DME”) which can be blended with liquefied petroleum gas (“LPG”) and methanol sold for making DME is priced at a level that is related to its energy value in the application.

Trade in methanol is subject to duty in a number of jurisdictions. See “Foreign Operations and Government Regulation” on page 17 for more information.

DISTRIBUTION AND LOGISTICS

The cost of methanol distribution represents a significant portion of our total costs and is important to our overall profitability. Our production hub in Chile currently supplies customers primarily in Asia Pacific and Europe. The Atlas and Titan plants in Trinidad supply customers primarily in the US and Europe. Our 530,000 tonne per year Waitara Valley plant is a flexible asset and supplies customers in Asia Pacific.

Methanol is pumped from our coastal plants by pipeline to adjacent deepwater ports for shipping. We manage a fleet of 20 ocean-going 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. An important part of our strategy is to ensure long term security of supply of low cost natural gas feedstock. 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

About 62% of the natural gas for our Chilean facilities is currently sourced from suppliers in Argentina that are affiliates of international oil and gas companies. Under our current long-term natural gas purchase commitments for our Chile facilities, the percentage of natural gas supplied from Argentina would increase to approximately 80% in 2009. The remainder is supplied from gas reserves in Chile, mainly from ENAP (Empresa Nacional del Petróleo), a Chilean state-owned company, and a small percentage purchased from an independent natural gas producer with operations in Chile.

Natural gas for the Chile I and IV plants is supplied under arrangements terminating in 2025 and natural gas export permits, valid until 2025, are in place for the gas being supplied from Argentina for those plants. Natural gas for the Chile II and III plants is supplied under contracts terminating in 2017 and 2019 and gas export permits, valid until those dates, are in place for gas being supplied from Argentina for those plants. Ten year extensions of these contracts until 2027 and 2029 have been agreed. Natural gas export permits in respect of the gas to be sourced from Argentina under these extensions have not yet been granted. Such permits are customarily only applied for a few years prior to the contractual agreement becoming effective.

The purchase price of natural gas for our Chilean facilities is based on a minimum US dollar base price plus a variable component that is calculated based on methanol market prices. The variable price component of the natural gas agreements for our Chilean facilities is determined with reference to 12-month trailing average published industry methanol prices, except Chile I where, until mid-2009, the adjustment is related to our average realized methanol price for the current calendar year. Thereafter, the variable price component for Chile I will be calculated with reference to 12-month trailing average published industry methanol prices. The minimum US dollar price increases annually under the Chile IV contract and, commencing in mid-2009, will increase under the Chile I contract. 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.

Over the past few years, Argentina has been experiencing energy shortages. To avoid these shortages, the Argentinean government passed regulations that require Argentinean gas suppliers to give priority to supplying the domestic market. This has resulted in curtailments of gas supply to Chile as a result of the Argentinean government ordering natural gas suppliers to inject additional gas into the local grid. Since 2004, our production facilities in Chile have been impacted by these curtailments primarily during the winter period in the southern hemisphere. From May to August of 2004 we lost approximately 50,000 tonnes of methanol production due to these curtailments. During the

same period in 2005 we lost about 100,000 tonnes of production. In 2006, the curtailment period extended from May to November and we lost about 50,000 tonnes of production. Our Chilean operations have been, and continue to be, somewhat isolated from this issue because of the location of our plants in the southernmost region of Chile and the pipeline transportation capacity to the population centers in Argentina. There is only one major pipeline that runs from the south to central Argentina. In 2005 the capacity of this pipeline was increased by approximately 13%. Some additional investment in infrastructure was made by our Argentinean natural gas suppliers in 2005 which increased the supply of natural gas in the southern region where we source our natural gas. The government of Argentina is pursuing further pipeline expansion projects although the timing around commencement and completion of these projects is uncertain. To date, we are not aware of any such projects receiving final approval from the government of Argentina.

Effective July 25, 2006, the government of Argentina increased the duty on exports of natural gas from Argentina to Chile, which have been in place since May 2004, from approximately $0.30 per mmbtu to $2.25 per mmbtu. Exports of natural gas from the province of Tierra del Fuego were exempt from this duty until late October 2006 when the government of Argentina extended this duty to include this province at the same rates applicable to the other provinces. As a result, the increased duty on exports of natural gas has been applied to all of the natural gas feedstock that we source from Argentina. The total cost of the export duty to our natural gas suppliers on an annual basis has increased to approximately $200 million. While our contracts provide that gas suppliers are to pay any duties levied by the government of Argentina, we are in continuing discussions with our Argentinean natural gas suppliers to reach longer term arrangements regarding the impact of the increased export duty.

During the fourth quarter of 2006, we reached interim agreements with all of our natural gas suppliers from Argentina. In principle, we have agreed to share the cost of duties based in part on prevailing methanol prices and we have gained some flexibility to take the natural gas depending on prevailing methanol market conditions and to the extent that these arrangements are not economic then we will not purchase the natural gas. While we are in continuing discussions to reach longer term arrangements with our natural gas suppliers from Argentina regarding the impact of the increased export duty, we cannot provide assurance we will be able to reach satisfactory longer term arrangements with them or that the impact of this export duty will not have an adverse effect on our results of operations and financial condition.

There are many variables beyond our control that could have an effect on whether we suffer production losses as a result of the potential disruption of natural gas supply from Argentina and we are currently unable to provide a reasonable view as to the amount of production losses that we might suffer in 2007. These variables include the actions of government, actions of our gas suppliers, claims of force majeure, outcomes of ongoing or future arbitration or other proceedings, weather and other variables which are currently unanticipated or beyond our control.

We continue to work on sourcing additional natural gas for our Chile facilities from alternative sources. There is renewed interest in natural gas exploration in southern Chile and we are working on sourcing additional natural gas supply for our Chile facilities from alternative sources in Chile. As an example, our major Chilean natural gas supplier, ENAP, and others, are undertaking gas exploration and development programs in areas of Chile which are relatively close to our production facilities. If these programs are successful, there is a possibility that we may be able to obtain some additional supply during 2007. In addition, the Government of Chile has announced its intention to assign exploration areas which lie close to our facilities in a bidding round during 2007. However, there can be no assurance that ENAP or others will be successful or that we would obtain any additional natural gas on economic terms.

We are working with our natural gas suppliers and senior government officials in Chile and Argentina, and we continue to monitor this issue closely.

Trinidad

Natural gas for our Titan and Atlas facilities is sourced from the major gas fields that are located off the coast of Trinidad. These fields are operated by major international oil and gas companies. The National Gas Company of Trinidad and Tobago Limited (“NGC”) transports the gas by pipeline to a processing facility located near our Titan and Atlas facilities and from there it is distributed and sold under individual contracts to industrial consumers.

Natural gas is supplied to our facilities under contracts with NGC which purchases the gas from gas producers under back-to-back purchase arrangements. Titan’s contract with NGC expires in 2014 with an option to renew for a further 5 years subject to availability of gas and agreement on price. The price paid for gas by the Titan plant is based on a fixed escalation of a minimum US dollar base price plus a variable component that is determined with reference to average published industry methanol prices each quarter. Under the contract, NGC is obligated to supply, and we are

obligated to take or pay for, a specified annual quantity of natural gas. Gas paid for but not taken by the Titan plant in any year may be received in subsequent years. The Atlas plant's gas contract with NGC expires in 2024 and the price formula and take-or-pay obligations are similar to those found in the Titan plant gas contract.

Since late 2005, large industrial natural gas consumers in Trinidad, including Methanex, have experienced periodic curtailments in their natural gas supply. Curtailments have resulted from a number of different factors including difficulties encountered in bringing new offshore natural gas delivery systems on line and various mechanical problems in the existing pipeline and distribution systems. Also, the commissioning of new facilities consuming large amounts of natural gas has put stress on the natural gas delivery system. We are working with our natural gas supplier and other large natural gas consumers in Trinidad concerning this issue. However, we expect that these curtailments will continue in 2007 and there can be no assurance that production losses will not be materially worse than we have experienced in the recent past.

New Zealand

We have restructured our New Zealand operations over the past few years due to natural gas supply constraints in New Zealand. In 2004, we permanently closed the 1.9 million tonnes per year Motunui facility. Since then, we have been operating our 530,000 tonne per year Waitara Valley facility. This plant is positioned as a flexible production asset with operations dependant upon methanol industry supply and demand and the availability of natural gas on commercially acceptable terms. In 2006, we produced about 400,000 tonnes of methanol at the Waitara Valley plant. In January 2007, we secured additional amounts of natural gas which, combined with our existing gas entitlements, is expected to enable the New Zealand plant to operate at least until the end of 2007 and produce approximately 425,000 tonnes of methanol.

We continue to seek other supplies of economically priced natural gas to extend the life of the New Zealand plants. However, there can be no assurance that we will be able to secure additional gas on commercially acceptable terms.

FOREIGN OPERATIONS AND GOVERNMENT REGULATION

General

Our operations in Canada, the US, Chile, Trinidad, New Zealand, Europe and elsewhere are affected by political developments and by federal, provincial, state and other local laws and regulations. To date, we believe we have complied in all material respects with governmental requirements.

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 substantially all of its revenue 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 taxes), 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. For instance, methanol sold in China from any of our producing regions is subject to a duty of 5.5%. Methanol from Chile which is sold in Japan and Korea, the other major markets in Asia Pacific, is not subject to duty. Recent free trade agreements now provide for methanol from Chile to be sold duty-free into North America and the European Union. Methanol from Trinidad may also be sold duty-free into North America and the European Union. Currently, the costs we incur in respect of duties is not significant. However, there can be no assurance that the duties that we are currently subject to will not increase, that duties will not be levied in other jurisdictions in the future or that we will be able to mitigate the impact of future duties, if levied.

Chile

Our wholly owned subsidiary, Methanex Chile Limited (“Methanex Chile”), owns the four plants comprising the Chilean production facilities. Chilean foreign investment regulations provide certain benefits and guarantees to companies that enter into a foreign investment contract (“DL 600 Contract”) with Chile. Methanex Chile has entered into four DL 600 Contracts, substantially identical in all matters material for Methanex Chile, one for each of the 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. As well, under the DL 600 Contracts, Methanex Chile has elected to pay income tax at the general applicable rate, currently 35%. The DL 600 Contracts provide that they cannot be amended or terminated except by written agreement.

Please also refer to page 14 for a discussion concerning the actions of the government of Argentina which have had the effect of curtailing the supply of natural gas to Chile and increasing the duty on exports of natural gas from Argentina to Chile.

Trinidad

Under the Fiscal Incentives Act of Trinidad, our subsidiary that owns the Titan plant was declared an approved enterprise in respect of the manufacture of methanol and was granted total relief from Trinidadian corporation income tax, customs duties and income tax on dividends or other distributions, other than interest, out of profits or gains derived from the manufacture of methanol until June 2005.

Similarly, our subsidiary that owns the Atlas plant was declared an approved enterprise and was granted, for a ten year period commencing 2004, total relief from corporation income tax for the first two years of operation, then at a rate of 15% for the following five years and a rate of 20% for the following three years. Atlas also has total relief from income tax on dividends or other distributions, other than interest, out of profits or gains derived from the manufacture of methanol and has been granted import duty concessions on building materials and machinery and equipment imported into Trinidad and used in connection with the facility.

The applicable corporation income tax rate without tax relief is currently 35%. There are no exchange control restrictions relating to the movement of funds into or out of Trinidad.

New Zealand

New Zealand has enacted legislation 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 that 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 AND SOCIAL MATTERS

The countries in which we operate all have laws and regulations 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 and regulations governing the import, export, use, discharge, storage, disposal and transportation of toxic substances. The products 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 currently believe that we materially comply 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 also expose us to liability for the conduct of, or conditions caused by, others, or for our own acts even if we 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, operating petrochemical manufacturing plants and distributing methanol entail risks in this area and there can be no assurance that material costs or liabilities will not be incurred.

We have accrued $16 million for asset retirement obligations for those sites where a reasonably definitive estimate of the fair value of the obligation can be made. During 2006, cash expenditures applied against the asset retirement obligations accrual were $5 million (2005 — $5 million).

Responsible Care and Corporate Social Responsibility

As a member of the Canadian Chemical Producers' Association in Canada ("CCPA"), 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. Responsible Care is the umbrella under which we manage issues related to health, safety, environment, community involvement, security and emergency preparedness at each of our facilities and locations. 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. Responsible Care also guides decision-making related to our corporate development objectives.

The application of Responsible Care at Methanex begins with our Board of Directors, where we have a Responsible Care Committee, and extends throughout our organization. Responsible Care is implemented through documented management systems. The effectiveness of many of these management systems is measured using an audit process that we apply to our business operations. This process is designed to ensure ongoing compliance, identify

opportunities for improvement and provide for the sharing of best practices. These audits often include third-party observers.

We believe that Responsible Care helps us achieve strong financial performance, effective and innovative minimization of environmental impacts and improved quality of life, particularly in communities where our employees reside.

Some of the countries in which we operate have different standards than those applied in North America. Our policy is to adopt the more stringent of either Responsible Care practices or local regulatory or association requirements at all of our facilities.

In 2005, we also formally adopted a policy on Corporate Social Responsibility (CSR), linking this ethic with our Responsible Care ethic. Our CSR policy encompasses governance, employee engagement and development, community involvement, social investment and many other activities that have long been part of our culture. We feel that adopting the tenets of CSR is a natural extension of our commitment to Responsible Care.

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 or oxygen, 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, subject to certain deductibles, 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. Methanol is a global commodity and customers base their purchasing decisions 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. Some of our competitors are not dependent for revenues on a single product and some have greater financial resources than we do. Our competitors include state-owned enterprises. 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, 2006, we had 818 employees.

RISK FACTORS

The risks relating to our business are described under the heading “Risk Factors and Risk Management” which commences on page 23 of our 2006 MD&A and are incorporated in this AIF by reference. Any of those risks, as well as risks and uncertainties currently not known to us, could materially adversely affect our business, financial conditions or results of operations.

DIVIDENDS

Dividends are payable to the holders of common shares of the Company if, as and when declared by our Board of Directors out of the assets of the Company properly applicable to the payment of dividends in such amounts and payable at such times and at such place or places in Canada as the Board of Directors may, from time to time, determine. The Company's current dividend policy is designed so that the Company maintains conservative financial management appropriate to the cyclical nature of the methanol industry in order to preserve financial flexibility and creditworthiness.

The Company pays a quarterly dividend on its common shares. The first quarterly dividend of $0.05 per share was paid on September 30, 2002. The quarterly dividend was increased to $0.06 per share effective September 30, 2003 and was further increased to $0.08 per share effective September 30, 2004. The quarterly dividend was increased to $0.11 per share effective June 30, 2005 and was further increased to $0.125 per share effective June 30, 2006. The Company's Board of Directors, at a meeting held on March 2, 2007, designated each dividend paid in 2006 to be an "eligible dividend" for the purposes of Canadian tax law.

Our Board periodically considers other forms of distributions when general business conditions, financial results, capital requirements and other relevant factors warrant and, in that context, a special dividend of $0.25 per share was paid on February 14, 2003.

The following table sets out the total amount of regular dividends per share paid on the Company's common shares in each of the last three most recently completed financial years:

Financial Year Ended	Regular Dividend Paid Per Share
December 31, 2004	$ 0.280
December 31, 2005	$ 0.410
December 31, 2006	$ 0.485

CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common shares without nominal or par value and 25,000,000 preferred shares without nominal or par value.

Holders of common shares are entitled to receive notice of and attend all annual and special meetings and to one vote in respect of each common share held, receive dividends if, as and when declared by our Board of Directors, and participate rateably in any distribution of the assets of the Company in the event of liquidation, dissolution or winding up.

Preferred shares may be issued in one or more series and the directors may fix the designation, rights, restrictions, conditions and limitations attaching to the shares of each such series. Currently, there are no preferred shares outstanding.

Our by-laws provide that at any meeting of our shareholders a quorum shall be two persons present in person or represented by proxy holding shares representing not less than 20% of the votes entitled to be cast at the meeting. Nasdaq's listing standards require a quorum for shareholder meetings to be not less than 33$^{1}/_{3}$% of a company's outstanding voting shares. As a foreign private issuer and because our quorum requirements are consistent with practices in Canada, our home country, under Nasdaq rules we are not subject to Nasdaq's quorum requirement.

RATINGS

The following table sets forth the ratings assigned to the Company's unsecured debt and bank facility by Standard & Poor's Rating Services ("S&P"), Moody's Investor Services, Inc. ("Moody's") and Fitch Ratings ("Fitch").

Security	S&P[1]	Moody's[2]	Fitch[3]
Unsecured Notes	BBB- (negative)	Ba1 (stable)	BBB (stable)

(1) S&P's credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. A rating of BBB by S&P is the fourth highest of eleven categories. According to the S&P rating system, debt securities rated BBB have adequate capacity to pay interest and repay principal. While an obligor rated BBB normally exhibits adequate protection parameters, adverse economic conditions, or changing circumstances are more likely to weaken capacity to meet its financial commitments. The addition of a plus (+) or minus (-) designation after a rating indicates the relative standing within a particular rating category.

(2) Moody's credit ratings are on a long-term debt rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of such securities rated. A rating of Ba is the fifth highest of nine categories and denotes obligations judged to have speculative elements and its future cannot be considered as well-assured. The addition of a 1, 2 or 3 modifier after a rating indicates the relative standing within a particular rating category. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

(3) Fitch credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. A rating of BBB by Fitch is the fourth highest of twelve categories and is assigned to debt securities considered to be good credit quality and low expectation of credit risk. The addition of a plus (+) or minus (-) designation after a rating indicates the relative standing within a particular rating category. The plus/minus grades are not added for the "AAA" category, or categories below "CCC".

Credit ratings are intended to provide investors with an independent measure of the quality of an issue of securities. The foregoing ratings should not be construed as a recommendation to buy, sell or hold the securities, in as much as such ratings do not comment as to 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 if in its judgment circumstances so warrant, and if any such rating is so revised or withdrawn, we are under no obligation to update this Annual Information Form.

MARKET FOR SECURITIES

Our common shares are listed on the Toronto Stock Exchange in Canada (trading symbol: MX) and are quoted through the Nasdaq Global Market in the US (trading symbol: MEOH). The following table sets out the market price ranges and trading volumes of our common shares on the Toronto Stock Exchange as well as for the Nasdaq Global Market for each month of our most recently completed financial year (January 1, 2006 through December 31, 2006).

	2006 Trading Volumes					
	The Toronto Stock Exchange Ticker: MX			Nasdaq Global Market Ticker: MEOH		
	High (Cdn. dollars)	Low (Cdn. dollars)	Volume (millions)	High (US dollars)	Low (US dollars)	Volume (millions)
January	25.15	21.50	8,814,754	22.00	18.45	5,538,419
February	25.52	22.50	6,577,367	22.23	19.77	5,699,903
March	24.50	22.41	7,456,817	21.05	19.45	5,236,296
April	26.28	24.15	7,031,119	23.02	20.54	5,977,268
May	27.26	24.02	7,060,811	24.80	21.60	6,675,805
June	26.41	22.80	6,611,386	24.02	20.52	10,417,104
July	24.00	20.37	7,428,225	21.58	17.99	9,586,960
August	26.80	20.83	8,502,967	24.12	18.47	10,587,369
September	27.40	25.51	6,969,396	24.51	22.87	6,737,082
October	30.28	23.58	11,459,117	26.81	20.90	11,168,624
November	28.50	25.43	7,445,380	25.24	22.66	5,582,310
December	32.79	28.13	4,746,462	28.20	24.69	4,897,530

NORMAL COURSE ISSUER BID

On May 9, 2006 the Company received approval to conduct a normal course issuer bid (the “Bid”) under which the Company had the ability but not the obligation to purchase 5,495,763 of its common shares being no greater than 5% of its issued and outstanding common shares as at May 9, 2006. The Bid commenced on May 17, 2006. On March 2, 2007 the Company, by notice to the TSX, sought and received approval to amend the Bid to allow the Company to purchase an additional 2 million of its common shares, representing about 8% of its public float as at May 8, 2006. The Bid expires on the earlier of the date that 7,495,763 common shares have been purchased or May 16, 2007. As at March 23, 2007, 5,375,000 common shares have been purchased under the Bid.

DIRECTORS AND EXECUTIVE OFFICERS

The following sets forth the names and place 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(14)
AITKEN, BRUCE Vancouver, British Columbia Canada	Director and President & Chief Executive Officer	President and Chief Executive Officer of the Company since May 2004; prior thereto President and Chief Operating Officer of the Company since September 2003; prior thereto Senior Vice President, Asia Pacific of the Company since September 1999.	July 2004
BALLOCH, HOWARD(2)(3)(4) Beijing China	Director	President of The Balloch Group(6) since July 2001; prior thereto Canadian Ambassador to the People's Republic of China since February 1996.	December 2004
CHOQUETTE, PIERRE Vancouver, British Columbia Canada	Chairman of the Board and Director	Corporate Director. Chairman of the Board and Chief Executive Officer of the Company from September 2003 to May 2004; prior thereto President and Chief Executive Officer of the Company since October 1994.	October 1994
COOK, PHILLIP H.(1)(4)(5) Austin, Texas USA	Director	Corporate Director. Senior Advisor to the Dow Chemical Company(7) ("Dow Chemical") from June 2006 to January 2007; prior thereto Corporate Vice President, Strategic Development and New Ventures of Dow Chemical from 2005 to 2006; prior thereto Senior Vice President, Performance Chemicals and Thermosets of Dow Chemical since 2003; prior thereto Business Vice President, Epoxy Products and Intermediates of Dow Chemical from 2000.	May 2006
FINDLAY, ROBERT B.(2)(3)(5)(8) West Vancouver, British Columbia Canada	Director	Corporate Director. Prior to October 1997 was President and Chief Executive Officer of MacMillan Bloedel Limited.	July 1994

Name and Municipality of Residence	Office	Principal Occupations and Positions During Last Five Years	Director Since(14)
MAHAFFY, DOUGLAS(2)(3) Toronto, Ontario Canada	Director	Chairman and Chief Executive Officer of McLean Budden Limited(9) since September 2006; prior thereto Chairman, President and Chief Executive Officer of McLean Budden since October 1989.	May 2006
POOLE, A. TERENCE(1)(4) Calgary, Alberta Canada	Director	Corporate Director. Executive Vice President, Corporate Strategy and Development of NOVA Chemicals Corporation(10) from May 2000 to June 2006.	September 2003, and from February 1994 to June 2003
REID, JOHN M.(1)(2) Vancouver, British Columbia Canada	Director	Corporate Director. President and Chief Executive Officer of Terasen Inc.(11) from November 1997 to November 2005.	September 2003
RENNIE, JANICE(1)(3) Edmonton, Alberta Canada	Director	Corporate Director. Senior Vice President, Human Resources and Organizational Effectiveness for EPCOR Utilities Inc.(12) from 2004 to 2005; prior thereto Principal of Rennie & Associates.	May 2006
SLOAN, MONICA E.(3)(5) Calgary, Alberta Canada	Director	Chief Executive Officer of Intervera Ltd.(13) since January, 2004; prior thereto an Independent Consultant for ME Sloan Associates since October 1999.	September 2003
SWEENEY, GRAHAM D.(1)(4)(5) Sarnia, Ontario Canada	Director	Corporate Director. Prior to October 1995 was President and Chief Executive Officer of Dow Chemical Canada Inc.	July 1994

(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) The Balloch Group is a private consultancy firm specializing in Chinese and other Asian markets.

(7) The Dow Chemical Company provides chemical, plastic and agricultural products and services.

(8) Mr. Findlay is not standing for re-election at the May 7, 2007 Annual General Meeting.

(9) McLean Budden Limited is a money manager looking after more than $40 billion in assets for pension, foundation and private clients in Canada, the United States, Europe and Asia.

(10) NOVA Chemicals Corporation is a commodity chemicals company.

(11) Terasen Inc. is an energy distribution and transportation company.

(12) EPCOR Utilities Inc. builds, owns and operates power plants, electrical transmission and distribution networks, water and wastewater treatment facilities and infrastructure in Canada and the United States.

(13) Intervera Ltd. is a company which provides data quality products and services to the energy industry.

(14) The directors of the Company are elected each year at the annual general meeting of the company and hold office until the close of the next annual general meeting or until their successors are elected or appointed. The next annual general meeting of the Company will occur on May 7, 2007.

Name and Municipality of Residence	Office	Principal Occupations and Positions During Last Five Years
CAMERON, IAN P. Vancouver, British Columbia Canada	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.
FLOREN, JOHN Vancouver, British Columbia Canada	Senior Vice President, Global Marketing and Logistics	Senior Vice President, Global Marketing and Logistics of the Company since June 2005; prior thereto Director, Marketing & Logistics North America of the Company since May 2002; prior thereto Director, E-Commerce of the Company since June 2000.
GORDON, JOHN K Vancouver, British Columbia Canada	Senior Vice President, Corporate Resources	Senior Vice President, Corporate Resources of the Company since September 1999.
MACDONALD, MICHAEL G. Vancouver, British Columbia Canada	Senior Vice President, Corporate Development	Senior Vice President, Corporate Development of the Company since January 2004; prior thereto Senior Vice President, Technology and Emerging Markets of the Company since October 2002; prior thereto Vice President, Planning and Strategic Development of the Company since September 1999.
MILNER, RANDY M. Vancouver, British Columbia Canada	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.
WEAKE, HARVEY Auckland New Zealand	Senior Vice President, Asia Pacific	Senior Vice President, Asia Pacific of the Company since December, 2005; prior thereto Vice President, Global Manufacturing/ Managing Director of Methanex New Zealand since July 2005; prior thereto Vice President, Manufacturing/ Managing Director of Methanex New Zealand since December, 2003; prior thereto Director, Manufacturing, Asia Pacific of the Company since April 2000.

Name and Municipality of Residence	Office	Principal Occupations and Positions During Last Five Years
YANEZ, JORGE Port of Spain Trinidad	Senior Vice President, Caribbean & Global Manufacturing	Senior Vice President, Caribbean & Global Manufacturing of the Company since October 2005; prior thereto Vice President, Project Management of Methanex Management Inc. since December 2004; prior thereto Director, Project Development of Methanex Management Inc. since January 2001.
SCHIODTZ, PAUL Santiago Chile	Senior Vice President, Latin America	Senior Vice President, Latin America of the Company since January 1, 2006; prior thereto Director, Finance Latin America of Methanex Chile Ltd. since May 1999.

As at December 31, 2006, the directors and executive officers of the Company owned, directly or indirectly, or exercised control of or direction over 274,511 common shares representing approximately 0.26% of the outstanding common shares as at December 31, 2006.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since the commencement of our most recently completed financial year, and for the three most recently completed financial years, no director or executive officer of the Company, no person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the Company's voting securities or any associate or affiliate of such persons, has had any material interest in any transaction involving the Company.

EXPERTS

KPMG LLP are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of Institute of Chartered Accountants of British Columbia and within the meaning of the U.S. Securities Act of 1933 and the applicable rules and regulations thereunder.

LEGAL PROCEEDINGS

We are not a party to and our property is not the subject of any material legal proceedings which are currently in place or which we know to be contemplated.

AUDIT COMMITTEE INFORMATION

The Audit Committee Charter

The Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibility relating to: the integrity of the Corporation's financial statements; the financial reporting process; the systems of internal accounting and financial controls; the professional qualifications and independence of the external auditors; the performance of the external auditors; risk management processes; financing plans; pension plans; and compliance by the Corporation with ethics policies and legal and regulatory requirements.

The Committee's Mandate sets out its responsibilities and duties. A copy of the Committee's Mandate is attached hereto as Appendix "A".

Composition of the Audit Committee

The Committee is comprised of five directors: A. Terence Poole (Chair), Phillip Cook, John Reid, Janice Rennie and Graham Sweeney. Each Committee member is independent and financially literate. Mr. Poole is designated as the "audit committee financial expert". The US Securities and Exchange Commission has indicated that the designation of Mr. Poole as an audit committee financial expert does not make Mr. Poole an "expert" for any other purpose, impose any duties, obligations or liability on Mr. Poole that are greater than those imposed on members of the Committee and Board who do not carry this designation or affect the duties, obligations or liability of any other member of the Committee.

Relevant Education and Experience

The following is a brief summary of the education and experience of each member of the Committee that is relevant to the performance of his or her responsibilities as a member of the Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by the Company to prepare its annual and interim financial statement.

Mr. A. Terence Poole

Mr. Poole is a corporate director. Prior to his retirement in June 2006 he was Executive Vice President, Corporate Strategy and Development of NOVA Chemicals Corporation ("NOVA"), a commodity chemical company with international operations. Prior to that position Mr. Poole was the Executive Vice President, Finance and Strategy of NOVA from 1998 to 2000, Senior Vice President and Chief Financial Officer of NOVA Corporation from 1994 to 1998 and other senior financial positions with NOVA Corporation from 1988. He has worked at other large public companies in various financial and business management capacities since 1971.

Mr. Poole is a Chartered Accountant and holds a Bachelor of Commerce from Dalhousie University. Mr. Poole is a Member of the Canadian, Quebec and Ontario Institutes of Chartered Accountants and is also a Member of the Financial Executives Institute.

Mr. Poole also serves on the board of Pengrowth Corporation and is a member of their Audit Committee. He also serves on the board of Synenco Energy Inc and is Chair of their Audit and Risk Committee and a member of their Finance Committee.

Mr. Poole has served on the Committee since September 2003 as well as from February 1994 to June 2003.

Mr. Poole has chaired the Committee since May 2006.

Mr. Phillip Cook

Mr. Cook is a corporate director. He spent the majority of his career working for The Dow Chemical Company ("Dow Chemical"), which provides chemical, plastic and agricultural products and services. His most recent position at Dow Chemical was Senior Advisor from June 2006 until his retirement in January 2007 and from 2005 to 2006, he was Corporate Vice President, Strategic Development and New Ventures. Other senior positions at Dow Chemical included Senior Vice President, Performance Chemicals and Thermosets for two years and Business Vice President, Epoxy Products and Intermediates for three years. Mr. Cook's experience at Dow Chemical provided him with significant experience and exposure to accounting and financial reporting

Mr. Cook holds a bachelor of Mechanical Engineering from the University of Texas, Austin and is a member of the College of Engineering Foundation advisory board of the University of Texas, Austin.

Mr. Cook has served on the Committee since May 2006.

Mr. John Reid

Mr. Reid is a corporate director. He held the position of President and Chief Executive Officer of Terasen Inc., an energy distribution and transportation company from November 1997 to November 2005 and prior to that was Executive Vice President and Chief Financial Officer of Terasen Inc. Prior to joining Terasen, Mr. Reid was the President and Chief Executive Officer of Scott Paper. He also held various other senior positions at Scott Paper including Corporate Vice President, Finance and Controller.

Mr. Reid is a Chartered Accountant and holds an Economics Degree from the University of Newcastle upon Tyne in the United Kingdom and is a Fellow of the British Columbia, England and Wales Institutes of Chartered Accountants.

Mr. Reid also serves on the Board of Finning International Inc. and is a member of their Audit Committee.

Mr. Reid has served on the Committee since September 2003.

Ms. Janice Rennie

Ms. Rennie is a corporate director. From 2004 to 2005 Ms Rennie was Senior Vice President, Human Resources and Organizational Effectiveness for EPCOR Utilities Inc. EPCOR builds, owns and operates power plants, electrical transmission and distribution networks, water and wastewater treatment facilities and infrastructure in Canada and the United States. Prior to 2004, Ms. Rennie was Principal of Rennie & Associates which provided investment and related advice to small and mid-sized companies.

Ms. Rennie holds a Bachelor of Commerce from the University of Alberta and is a Fellow of the Institute of Chartered Accountants of Alberta.

Ms. Rennie also serves on the boards of Canadian Hotel Income Properties Real Estate Investment Trust and Matrikon Inc. and is the chair of their Audit Committees. She also serves on the boards of NOVA Chemicals Corporation and West Fraser Timber Co. Ltd. and is a member of their Audit Committees.

Ms. Rennie has served on the Committee since May 2006.

Mr. Graham Sweeney

Mr. Sweeney, is a corporate director. During his career at Dow Chemical Company, Mr. Sweeney held the position of President and Chief Executive Officer of Dow Chemical Canada Inc., for three years and prior to that held Vice President and senior executive positions with The Dow Chemical Company in Asia from 1981 to 1987 and with global responsibilities from 1988 to 1992. In so doing, he acquired significant experience and exposure to accounting and financial reporting issues.

Mr. Sweeney holds a Bachelor of Science (Chemical Engineering) from the University of Natal, South Africa.

Mr. Sweeney has served on the Committee since May 1996.

Pre-approval policies and procedures

The Committee annually reviews and approves the terms and scope of the external auditors' engagement. The Committee oversees the Audit and Non-Audit Pre-Approval Policy which sets forth the procedures and the conditions pursuant to which permissible services proposed to be performed by KPMG LLP, the Company's external auditors, are pre-approved. The Committee has delegated to the Chair of the Committee pre-approval authority for any services not previously approved by the Committee. All such services approved by the Chair of the Committee are subsequently reviewed by the Committee.

All non-audit service engagements, regardless of the cost estimate, are required to be coordinated and approved by the Chief Financial Officer to further ensure that adherence to this policy is monitored.

Audit and Non-Audit Fees Paid to the Independent Auditors

KPMG LLP, Chartered Accountants, Vancouver, are the independent auditors of the Company and the holders of the Company's common shares have resolved to have the directors of the Company determine the auditor's remuneration. Fees to KPMG LLP during the years ended December 31, 2006 and December 31, 2005 were as follows:

US$000's	2006	2005
Audit Fees	1,654	526
Audit-Related Fees	146	136
Tax Fees	397	158
All Other Fees	—	—
Total	**2,197**	**820**

The nature of each category of fees is described below.

Audit Fees:

Audit fees were paid for professional services rendered by the auditors for the audit of the Company's consolidated financial statements; statutory audits of the financial statements of the Company's subsidiaries; quarterly reviews of the Company's financial statements; consultations as to the accounting or disclosure treatment of transactions reflected in the financial statements; and services associated with registration statements, prospectuses, periodic reports and other documents filed with securities regulators.

Audit fees paid in 2006 are in respect of an "integrated audit" performed by KPMG LLP. The integrated audit encompasses an opinion on the fairness of presentation of the Company's financial statements as well as opinions on the effectiveness of the Company's internal controls over financial reporting and on management's assessment of internal controls over financial reporting. In addition, the understanding and testing of internal controls in the integrated audit is much broader and in more depth than in a financial statement audit.

Audit-Related Fees:

Audit-related fees were paid for professional services rendered by the auditors for financial audits of employee benefit plans; procedures and audit or attest services not required by statute or regulation; advice and documentation assistance with respect to internal controls over financial reporting and disclosure controls; and consultations as to the accounting or disclosure treatment of other transactions.

Tax Fees:

Tax fees were paid for professional services rendered for tax compliance, tax advice and tax planning. These services consisted of: tax compliance including the review of tax returns; assistance in completing routine tax schedules and calculations; and tax planning and advisory services relating to common forms of domestic and international taxation.

TRANSFER AGENT AND REGISTRAR

The transfer agent for our common shares is CIBC Mellon Trust Company at its principal offices in Vancouver, British Columbia.

CONTROLS AND PROCEDURES

The Company's disclosure controls and procedures are described under the heading "Controls and Procedures" which commences at page 33 of our 2006 MD&A and are incorporated in this AIF by reference.

CODE OF ETHICS

We have adopted a code of ethics that applies to our directors, officers and employees including its principal executive officer, principal financial officer and principal accounting officer. A copy of our code, entitled "Code of Business Conduct", can be found on our website at www.methanex.com.

ADDITIONAL INFORMATION

We will provide to any person or company, upon request to the Corporate Secretary of the Company at the address set forth below:

(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 the Information Circular of the Company dated March 5, 2007 for the Annual General Meeting of the Company to be held on May 7, 2007;

  (ii) 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;

  (iii) one copy of the comparative financial statements of the Company for the year ended December 31, 2006 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, 2006;

  (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), (iii) and (iv) above, provided that the Company may require the payment of a reasonable charge if the request is made by a person or company that is not a security holder of the Company.

Additional information relating to the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's Information Circular dated March 5, 2007 relating to the Annual General Meeting of the Company to be held on May 7, 2007.

Additional financial information about the Company is provided in Methanex's financial statements and Management's Discussion and Analysis for the year ended December 31, 2006.

Copies of the documents referred to above are available on the SEDAR website at www.sedar.com and may also 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

Additional information relating to the Company may be found on the SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission website at www.sec.gov.

APPENDIX "A"

METHANEX CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE MANDATE

1. Creation

A committee of the directors to be known as the "Audit, Finance and Risk Committee" (hereinafter referred to as the "Committee") is hereby established.

2. Purpose and Responsibility

The Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibility relating to: the integrity of the Corporation's financial statements; the financial reporting process; the systems of internal accounting and financial controls; the professional qualifications and independence of the external auditor's; the performance of the external auditors; risk management processes; financing plans; pension plans; and compliance by the Corporation with ethics policies and legal and regulatory requirements.

The Committee's role is one of oversight. It is the responsibility of the Corporation's management to plan audits and to prepare consolidated financial statements in accordance with generally accepted accounting principles, and it is the responsibility of the Corporation's external auditor to audit these financial statements. Therefore, each member of the Committee, in exercising his or her business judgment, shall be entitled to rely on the integrity of those persons and organizations within and outside the Corporation from whom he or she receives information, and on the accuracy of the financial and other information provided to the Committee by such persons or organizations. The Committee does not provide any expert or other special assurances as to the Corporation's financial statements or any expert or professional certification as to the work of the Corporation's external auditor. In addition, all members of the Committee are equally responsible for discharging the responsibilities of the Committee and the designation of one member as an "audit committee financial expert" pursuant to the Applicable Rules (as defined below) is not a statement of intention by the Corporation to impose upon such designee duties, obligations or liability greater than those imposed on such a director in the absence of such designation.

3. Committee Membership

Composition of the Committee	a) The Committee must be composed of a minimum of three directors.
Appointment and Term of Members	b) The members of the Committee must be appointed or reappointed at the organizational meeting of the Board concurrent with each Annual Meeting of the shareholders of the Corporation. Each member of the Committee continues to be a Committee member until a successor is appointed, unless he or she resigns or is removed by the Board or ceases to be a director of the Corporation. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board and shall be filled by the Board if the membership of the Committee is less than three directors as a result of the vacancy.

Financial Literacy and Independence

c) Each member of the Committee shall meet the independence and experience requirements, and at least one member of the Committee shall qualify as an “audit committee financial expert”. These requirements shall be in accordance with the applicable rules and regulations (the “Applicable Rules”) of the Canadian Securities Administrators, the U.S. Securities and Exchange Commission, the Toronto Stock Exchange and the Nasdaq Stock Market.

Appointment of Chairman and Secretary

d) The Board or, if it does not do so, the members of the Committee, must appoint one of their members as Chairman. If the Chairman of the Committee is not present at any meeting of the Committee, the Chairman of the meeting must be chosen by the Committee from the Committee members present. The Chairman presiding at any meeting of the Committee has a deciding vote in case of deadlock. The Committee must also appoint a Secretary who need not be a director.

Use of Outside Experts

e) Where Committee members believe that, to properly discharge their fiduciary obligations to the Corporation, it is necessary to obtain the advice of independent legal, accounting, or other experts, the Chairman shall, at the request of the Committee, engage the necessary experts at the Corporation’s expense. The Board must be kept apprised of both the selection of the experts and the experts’ findings through the Committee’s regular reports to the Board.

4. Meetings

Time, Place and Procedure of Meetings

a) The time and place of Committee meetings, and the procedures for the conduct of such meetings, shall be determined from time to time by Committee members, provided that:

Quorum

i) a quorum for meetings must be three members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to communicate with each other;

Quarterly Meetings

ii) the Committee must meet at least quarterly;

Notice of Meetings

iii) notice of the time and place of every meeting must be given in writing or by facsimile to each member of the Committee and the external auditors of the Corporation at least 24 hours prior to the Committee meeting;

Waiver of Notice	iv) a member may waive notice of a meeting, and attendance at the meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called;
Attendance of External Auditors	v) the external auditors are entitled to attend each meeting at the Corporation's expense;
Meeting with Financial Management	vi) the Committee will, at least annually, meet with senior financial management, including the Chief Financial Officer and the Corporate Controller, without other members of management present;
Meeting without Management	vii) each regular meeting of the Committee will conclude with a session without any management personnel present;
Calling a Meeting	viii) a meeting of the Committee may be called by the Secretary of the Committee on the direction of the Chairman or Chief Executive Officer of the Corporation, by any member of the Committee or the external auditors; and
Committee Determines Attendees	ix) notwithstanding the provisions of this paragraph, the Committee has the right to request any officer or employee of the Corporation or the Corporation's outside counsel or external auditor to be present or not present at any part of the Committee meeting;
Reports to the Board	b) The Committee shall make regular reports to the Board.

5. Duties and Responsibilities of the Committee

1) Financial Statements and Disclosure

Annual Report and Disclosures*	a) Review and discuss with management and the external auditor, and recommend for approval by the Board, the Corporation's annual report, Annual Information Form, audited Annual Consolidated Financial Statements, annual Management's Discussion and Analysis, Management Information Circular, and any reports on adequacy of internal controls, and all financial statements in prospectuses or other disclosure documents.
Prospectuses*	b) Review and recommend for approval by the Board all prospectuses and documents which may be incorporated by reference into a prospectus, including without limitation, material change reports and proxy circulars.

Quarterly Interim Reports and Disclosures	c) Review, discuss with management and the external auditor and approve the Corporation's interim reports, including the quarterly financial statements, interim Management's Discussion and Analysis and press releases on quarterly and year end financial results, prior to public release.
Accounting Policies and Estimates	d) Review and approve all accounting policies and estimates that would have a significant effect on the Corporation's financial statements, and any changes to such policies. This review will include a discussion with management and the external auditor concerning: i) any areas of management judgment and estimates that may have a critical effect on the financial statements; ii) the effect of using alternative accounting treatments which are acceptable under Canadian and US GAAP; iii) the appropriateness, acceptability, and quality of the Corporation's accounting policies; and iv) any material written communication between the external auditor and management, such as the annual management letter and the schedule of unadjusted differences.
Non-GAAP Financial Information	e) Discuss with management the use of "pro forma" or "non-GAAP information" in the Corporation's continuous disclosure documents.
Regulatory and Accounting Initiatives	f) Discuss with management and the external auditor the effect of regulatory and accounting initiatives as well as the use of off-balance sheet structures on the Corporation's financial statements.
Litigation	g) Discuss with the Corporation's General Counsel, and with external legal counsel if necessary, any litigation, claim or other contingency (including tax assessments), that could have a material effect on the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed in the financial statements.
Financing Plans	h) Review the financing plans and objectives of the Corporation, as received from and discussed with management.
2) Risk Management and Internal Control	
Risk Management Policies*	a) Review and recommend for approval by the Board changes considered advisable, after consultation with management, to the Corporation's policies relating to: i) the risks inherent in the Corporation's businesses, facilities and strategic direction;

	ii) financial risks including foreign exchange, interest rate and investment of cash; iii) overall risk management strategies and the financing of risks including insurance coverage in the context of competitive and operational considerations; iv) the risk retention philosophy and the resulting uninsured exposure of the Corporation; and v) shipping risk.
Risk Management Processes	b) Review with management at least annually the Corporation's processes to identify, monitor, evaluate, and address important enterprise-wide business risks.
Adequacy of Internal Controls	c) Review at least quarterly, the results of management's evaluation of the adequacy and effectiveness of internal controls within the Corporation in connection with the certifications signed by the CEO and CFO. Management's evaluation will include a review of: i) policies and procedures to ensure completeness and accuracy of information disclosed in the quarterly and annual reports, prevent earnings management and detect material financial statement misstatements due to fraud and error; and ii) internal control recommendations of the external auditors and arising from the results of the internal audit procedures; including any special steps taken to address material control deficiencies and any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls.
Financial Risk Management	d) Review with management activity related to management of financial risks to the Corporation, including hedging programs.
3) External Auditors	
Appointment and Remuneration	a) Review and recommend to the Board: i) the selection, evaluation, reappointment or, where appropriate, replacement of external auditors; and ii) the nomination and remuneration of external auditors to be appointed at each Annual Meeting of Shareholders.
Resolving Disagreements	b) Resolve any disagreements between management and the external auditor regarding financial reporting.

Direct Reporting to Committee	c) The external auditors shall report directly to the Committee And the Committee has the authority to communicate directly with the external auditors.
Quality Control and Independence	d) Review a formal written statement requested at least annually from the external auditor describing: i) the firm's internal quality control procedures; ii) any material issues raised by the most recent internal quality control review, peer review of the firm; or any investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits of the Corporation carried out by the firm; iii) any steps taken to deal with any such issues; and iv) all relationships between the external auditors and the Corporation. The Committee will actively engage in a dialogue with the external auditor with respect to whether the firm's quality controls are adequate, and whether any of the disclosed relationships or non-audit services may impact the objectivity and independence of the external auditor based on the independence requirements of the Applicable Rules. The Committee shall present its conclusion with respect to the independence of the external auditor to the Board.
External Audit Plan	e) Review and approve the external audit plan and enquire as to The extent the planned audit scope can be relied upon to detect weaknesses in internal control or fraud or other illegal acts. Any significant recommendations made by the auditors for the strengthening of internal controls will be reviewed.
Rotation of Senior Audit Partner	f) Ensure the rotation of senior audit personnel who have primary responsibility for the audit work, as required by law.
Remuneration of External Auditors	g) Review and approve (in advance) the scope and related fees for all auditing services and non-audit services permitted by regulation Which are to be provided by the external auditor in accordance with The Corporation's Audit and Non-Audit Services Pre-Approval Policy Which is to be annually reviewed and approved by the Committee.
Restrictions on Hiring Employees of External Auditor	h) Ensure the establishment of policies relating to Corporation's Hiring of employees of or former employees of the external auditor, if such individuals have participated in the audit of the Corporation, as required by law.

Report from the External Auditors	i) Prior to filing of the Quarterly Consolidated Financial Statements and the Annual Consolidated Financial Statements, the Committee should receive a report from the external auditors on the Results of their review or their audit.
Meeting with Auditors and Management	j) The Committee should meet with the external auditors without management present and discuss any issues related to performance of the audit work, any restrictions, and any significant disagreement with management. The Committee should also meet separately with Management to discuss the same matters as those discussed with the external auditors.

4) Internal Audit

Internal Audit Plans	a) Review and approve the annual Internal Audit Plan and objectives.
Audit Findings and Recommendations	b) Review the significant control issues identified in internal audit reports issued to management and the responses and actions taken by management to address weaknesses in controls.
Meeting with Auditors	c) The Committee will meet, without management present, with representatives of the accounting firm and/or the Corporation's Internal Auditor that executed the annual Internal Audit Plan.

5) Pension Plans

With respect to all investing and funding aspects of all defined benefit corporate sponsored pension plans of the Corporation and its wholly-owned subsidiaries that have estimated actuarial liabilities in excess of US$ 5 million (collectively the "Retirement Plans"):

Constitute Pension Committees	a) Annually constitute Committees (the "Pension Committees") with responsibility for the investment activities of the Retirement Plans' trust funds;
Statements of Pension Investment Policy and Procedures	b) Review the Corporation's Statement of Pension Investment Policy for the Retirement Plans' trust funds at least annually but in Any event whenever a major change is apparent or necessary;
Amendments to Retirement Plans and Material Agreements	c) Review and recommend to the Board any amendments to the Retirement Plans' trust agreements and any material document written or entered into pursuant to the Retirement Plans' trust agreements;
Appointment of Auditors, Actuaries, and Investment Managers	d) Approve the recommendations of the officers of the Corporation regarding the reappointment or appointment of auditors and recommendations of the Pension Committees regarding appointment of investment managers and actuaries of the Retirement Plans;
Retirement Plan Financial Statements	e) Review and approve the annual financial statements of the Retirement Plans, and related trust funds, and the auditors' reports thereon;

Retirement Plan Report*	f) Review and recommend for approval by the Board, the annual report on the operation and administration of the Retirement Plans and related trust funds;
Terms of Reference of the Pension Committees	g) Review and recommend to the Board for approval the Terms of Reference of the Pension Committees (to be approved jointly with the Human Resources Committee of the Board) and any amendments thereto.
Delegation to the Pension Committees	h) Approve the delegation of certain responsibilities to members of the Pension Committees;
Actuarial Reports and Funding Assumptions	i) Review the actuarial reports on the Retirement Plan as Required by applicable regulations, any special actuarial reports, And the funding assumptions to be used in preparing the reports; and

With respect to all investing and funding aspects of all defined contribution pension plans and defined benefit pension plans that have estimated actuarial liabilities of less than US$ 5 million of the wholly-owned subsidiaries of the Corporation ("other Retirement Plans"):

Other Retirement Plans Report	j) Receive from management and review with the Board, at least annually, a report on the operation and administration of other Retirement Plans' trust funds, including investment performance; and
Delegation of Authority	k) Administer and delegate to sub-committees as considered advisable all other matters related to other Retirement Plans' trust funds to which the Committee has been delegated authority.

6) General Duties

Code of Business Conduct Compliance	a) Obtain a report at least annually from the Senior Vice President, General Counsel & Corporate Secretary on the Corporation's And its subsidiary/foreign affiliated entities' conformity with applicable legal and ethical compliance programs (e.g., the Corporation's Code of Business Conduct).
Code of Ethics	b) Review and recommend to the Board for approval a code of ethics for senior financial officers.
Compliance Reporting Process	c) Ensure that a process and procedure has been established by The Corporation for receipt, retention, and treatment of complaints regarding non-compliance with the Corporation's Code of Business Conduct, violations of laws or regulations, or concerns regarding accounting, internal accounting controls or auditing matters. The Committee must ensure that procedures for receipt of complaints allow for confidential, anonymous submission of complaints from employees.
Regulatory Matters	d) Discuss with management and the external auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's compliance policies.

Disclosure Policy*	e) Review annually and recommend to the Board for approval, the Corporation's Disclosure policies. In particular, the Committee will review annually the Corporation's procedures for public disclosure of financial information extracted or derived from the Corporation's financial statements.
Related Party Transactions	f) Review and approve all related party transactions.
Mandate Review*	g) Review and recommend for approval changes considered advisable based on the Committee's assessment of the adequacy of this Mandate. Such review will occur on an annual basis and the recommendations, if Any, will be made to the Board for approval.
Annual Evaluation	h) The Committee will conduct an annual evaluation to ensure that it has satisfied its responsibilities in the prior year in compliance with this mandate.

* Board approval required

Management's Discussion & Analysis

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This Management's Discussion and Analysis is dated March 2, 2007 and should be read in conjunction with our consolidated financial statements and the accompanying notes for the year ended December 31, 2006. Our consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). We use the United States dollar as our reporting currency. Except where otherwise noted, all dollar amounts are stated in United States dollars.

Canadian GAAP differs in some respects from accounting principles generally accepted in the United States (US GAAP). Significant differences between Canadian GAAP and US GAAP are described in note 18 to our consolidated financial statements.

At March 2, 2007 we had 104,718,367 common shares issued and outstanding and stock options exercisable for 528,800 additional common shares.

Additional information relating to Methanex, including our Annual Information Form, is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

OVERVIEW

Methanex is the world's largest producer and marketer of methanol. Our core production hubs in Chile and Trinidad have an annual production capacity of 5.8 million tonnes and represent over 90% of our current annual production capacity. We also produce methanol from our flexible 0.5 million tonne per year production facility in Waitara Valley, New Zealand. In addition to the methanol we produce, we purchase methanol produced by others under methanol offtake contracts in order to meet customer requirements and support our marketing efforts. Our total sales volumes in 2006 were 7.0 million tonnes representing approximately 19% of estimated global demand for methanol. We believe our global positioning, including our extensive network of storage terminals, and expertise in the global distribution of methanol is a competitive advantage.

Methanol is a chemical produced primarily from natural gas. Approximately 80% of all methanol is used in the production of formaldehyde, acetic acid and a variety of other chemicals for which demand is influenced by levels of global economic activity. These chemical 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 largely in the energy sector for the production of methyl tertiary-butyl ether (MTBE), a gasoline component, and as a direct fuel for motor vehicles. There are also developing markets for using methanol in bio-diesel, methanol for power generation, di-methyl ether (DME) and fuel blending.

Due to the diversity of the end products in which methanol is used, demand for methanol is influenced by a broad range of economic, industrial and environmental factors. The global demand for methanol in 2006 is estimated at approximately 38 million tonnes.

OUR STRATEGY

Our primary objective is to create value by maintaining and enhancing our leadership in the global production, marketing and delivery of methanol to our customers. The key elements of our strategy are low cost, global leadership and operational excellence.

Low Cost

Maintaining a low cost structure is an important element of competitive advantage in a commodity industry and is a key element of our strategy. Our approach to all business decisions is guided by our drive to maintain and enhance our low cost structure. The most significant components of our costs are natural gas for feedstock and distribution costs associated with delivering methanol to customers.

Natural gas is the primary feedstock at our methanol production facilities. An important element of our strategy is to ensure long-term security of natural gas supply. Over time we have been reducing our reliance on high cost production. We have positioned our facilities in New Zealand as flexible production assets with future operations dependant upon methanol industry supply and demand and the availability of natural gas on commercially acceptable terms. With the permanent closure of our Kitimat facility in 2005, we have eliminated our exposure to high cost North American natural gas feedstock.

With the completion of the 840,000 tonne per year Chile IV expansion in 2005, our core production hubs in Chile and Trinidad have an annual production capacity of 5.8 million tonnes and represent over 90% of our current annual production capacity. These facilities are underpinned by long-term take-or-pay natural gas purchase agreements with pricing terms that vary with methanol prices. The strategic location of our Chile and Trinidad production hubs allows us to deliver methanol cost-effectively to our customers in Asia Pacific, Europe, North America and Latin America.

Our production facilities in Chile currently source approximately 62% of their natural gas feedstock from Argentina. During 2006, the government of Argentina passed new legislation increasing the existing duty on natural gas exports paid by our natural gas suppliers. While our gas contracts provide that duties levied by the government of Argentina are payable by the natural gas suppliers, we are in continuing discussions with our suppliers from Argentina regarding the impact of the increased export duty — refer to the *Production Summary* and *Risk Factors and Risk Management* sections for further information. We continue to seek alternative sources of natural gas supply to our Chile facilities to minimize the impact of the increased export duty on our operations. There is interest in natural gas exploration in areas of Southern Chile that are relatively close to our production facilities and we are optimistic that this activity will ultimately provide us with improved long-term gas supply security.

The cost to distribute methanol from our production facilities to our customers is also a significant component of our operating costs. These include costs for ocean shipping, in-market storage facilities and in-market distribution. We are focused on identifying initiatives to reduce these costs. We seek to use larger vessels where possible and to maximize the use of our shipping fleet to reduce costs. We take advantage of prevailing conditions in the shipping market by varying the type and length of term of our ocean vessel contracts. We are continuously investigating opportunities to further improve the efficiency and cost-effectiveness of distributing methanol from our production facilities to our customers. We also look for opportunities to leverage our global asset position by entering into product exchanges with other methanol producers to reduce our distribution costs.

Global Leadership

We are the leading supplier of methanol to the major international markets of North America, Asia Pacific and Europe, as well as Latin America. Our industry leadership has enabled us to play a role in industry pricing by establishing published Methanex reference prices in each major market.

Our global distribution and supply infrastructure allows us to provide unmatched security of supply to our customers. During the second half of 2006, the methanol industry experienced a supply shortage brought on by planned and unplanned supplier outages. Using our flexible global distribution and supply network we were able to adjust our operations and deliver on our commitments to customers during this period of high demand.

We permanently closed the Kitimat production facility in 2005 and converted the site into a terminal for storing and transporting methanol as well as other products. During 2006, this site has allowed us to further enhance our distribution network and to cost-effectively supply methanol from our Chile facilities to customers in the Pacific Northwest region of North America.

We continue to actively investigate options to enhance our supply position over the long term and are developing a project to build a 1.3 million tonne per year methanol facility in Egypt. This project is being developed through a joint venture in which we have a 60% interest and the marketing rights for all of the production. We are in the final stages of developing the project and expect to be in a position to make a final investment decision by the middle of 2007.

We relocated our Asia Pacific marketing and logistics office from Auckland, New Zealand to Hong Kong and we have added staff to our office in Shanghai to enhance our customer service and industry positioning in this region. This enables us to participate in and improve our knowledge of the rapidly evolving and high growth methanol market in China and other countries in Asia. Our enhanced presence in Asia has also helped us to identify opportunities to develop applications for methanol to energy.

We continue to be in the forefront of the industry through our Responsible Care and Corporate Social Responsibility programs.

Operational Excellence

We maintain a focus on operational excellence in all aspects of our business. This includes excellence in our manufacturing and distribution processes, human resources, corporate governance practices and financial management.

In order to differentiate ourselves from our competitors, we strive to be the best operator in all aspects of our business and to be the preferred supplier to our customers. 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. In part due to our commitment to Responsible Care, a risk minimization approach developed by the Canadian Chemical Producers' Association, we believe we have reduced the likelihood of unplanned shutdowns and lost-time incidents and have achieved an excellent overall environmental and safety record.

We have a Corporate Social Responsibility (CSR) policy which is a natural extension of our Responsible Care ethic. Our CSR policy encompasses corporate governance, employee engagement and development, community involvement, social investment and many other activities that have long been a part of our culture.

We operate in a highly competitive and cyclical industry. Accordingly, we believe it is important to maintain financial flexibility throughout the methanol price cycle and we have adopted a prudent approach to financial management. Where there are opportunities to grow our position in the methanol industry we apply a disciplined approach, which includes target return criteria. We also believe that it is prudent to maintain a conservative balance sheet and we have established a track record of returning excess cash to shareholders.

HOW WE ANALYZE OUR BUSINESS

Our operations consist of a single operating segment — the production and sale of methanol. We review our results of operations by analyzing changes in the components of our Adjusted EBITDA (refer to *Supplemental Non-GAAP Measures* on page 31 for a reconciliation to the most comparable GAAP measure), depreciation and amortization, interest expense, interest and other income, unusual items and income taxes. In addition to the methanol that we produce at our facilities, we also purchase and re-sell methanol produced by others and sell methanol on a commission basis. In analyzing the changes in Adjusted EBITDA, we separately analyze the results of Company-produced methanol sales from purchased methanol sales as the margin characteristics of each are very different.

Company-Produced Methanol

Our level of Adjusted EBITDA is highly dependant on the margin earned from our Company-produced methanol. Sales volumes of Company-produced methanol will depend on the amount of production from our methanol facilities, which in turn is based on how well the plants operate, the timing of scheduled maintenance and other factors. The key drivers of changes in our Adjusted EBITDA for Company-produced methanol are average realized price, sales volume and cash costs. We provide separate discussion of the changes in Adjusted EBITDA related to our core Chile and Trinidad production hubs and the changes in Adjusted EBITDA related to our New Zealand and Kitimat facilities.

Our production hubs in Chile and Trinidad have an annual operating capacity of 5.8 million tonnes per year. These production hubs are underpinned by long-term take-or-pay natural gas purchase agreements and the operating results for these facilities represent a substantial portion of our Adjusted EBITDA. Accordingly, in our analysis of Adjusted EBITDA for our facilities in Chile and Trinidad we separately discuss the impact of changes in average realized price, sales volume and cash costs.

Our 530,000 tonne per year Waitara Valley facility in New Zealand operated for most of 2006 and has been positioned as a flexible production asset. We permanently closed our Kitimat facility on November 1, 2005 and sold the remaining production from this facility in early 2006. These facilities incur higher production costs and their operating results represent a smaller proportion of our Adjusted EBITDA. Accordingly, the impact of changes in average realized price, sales volume and cash costs on the Adjusted EBITDA for our New Zealand and Kitimat facilities has been combined and presented as the change in cash margin.

The price, cash cost and volume variances included in our Adjusted EBITDA analysis for Company-produced methanol are defined and calculated as follows:

PRICE	The change in our Adjusted EBITDA as a result of changes in average realized price is calculated as the difference from period-to-period in the selling price of produced methanol multiplied by the current period sales volume of produced methanol. Sales under long-term contracts where the prices are either fixed or linked to our costs plus a margin are included as sales of Company-produced methanol. Accordingly, the selling price of Company-produced methanol will differ from the selling price of purchased methanol.
CASH COST	The change in our Adjusted EBITDA as a result of changes in cash costs is calculated as the difference from period-to-period in cash costs per tonne multiplied by the sales volume of Company-produced methanol in the current period plus the change in unabsorbed fixed cash costs. The change in consolidated selling, general and administrative expenses and fixed storage and handling costs are included in the analysis of methanol produced at our Chile and Trinidad facilities.
VOLUME	The change in our Adjusted EBITDA as a result of changes in sales volume is calculated as the difference from period-to-period in the sales volume of Company-produced methanol multiplied by the margin per tonne for the prior period. The margin per tonne is calculated as the selling price per tonne of Company-produced methanol less absorbed fixed cash costs per tonne and variable cash costs per tonne.

Purchased Methanol

We augment our marketing operations by purchasing methanol from other producers. This provides flexibility in our supply chain to optimize shipping costs and respond to changes in our production levels and customer requirements. The amount of methanol we purchase from others will depend on these and other factors and consequently sales of purchased product vary from period to period. Sales of purchased methanol represent a lower proportion of our Adjusted EBITDA because the cost of purchased methanol consists principally of the cost of the methanol itself, which is directly related to the price of methanol at the time of purchase. Accordingly, the analysis of purchased methanol and its impact on our Adjusted EBITDA is discussed on a net margin basis.

Commission Sales

We also sell methanol on a commission basis, where we do not take risk and title to the product. Commission sales represent volumes marketed on a commission basis related to the 36.9% of the Atlas methanol facility in Trinidad that we do not own. The product that we sell on a commission basis from the Atlas facility is sold in the United States and Europe. The proportion of commission sales in a period will impact the level of revenue as only the commission is included in revenue.

FINANCIAL HIGHLIGHTS

($ MILLIONS, EXCEPT AS NOTED)	2006	2005
Sales volumes (thousands of tonnes):		
Company-produced		
Chile and Trinidad	**4,990**	4,553
New Zealand and Kitimat	**320**	788
	5,310	5,341
Purchased methanol	**1,101**	1,174
Commission sales[1]	**584**	537
	6,995	7,052
Average realized price ($ per tonne)[2]	**328**	254
Methanex average non-discounted posted price ($ per tonne)[3]	**396**	301
Revenue	**2,108**	1,658
Adjusted EBITDA[4]	**800**	452
Net income	**483**	166
Income before unusual items (after-tax)[4]	**457**	224
Basic net income per share	**4.43**	1.41
Diluted net income per share	**4.41**	1.40
Diluted income before unusual items (after-tax) per share[4]	**4.18**	1.89
Cash flows from operating activities[4][5]	**623**	330
Common share information (millions of shares):		
Weighted average number of common shares outstanding	**109**	118
Diluted weighted average number of common shares outstanding	**109**	118
Number of common shares outstanding, end of period	**106**	114

1 *Commission sales represent volumes marketed on a commission basis. Commission income is included in revenue when earned.*

2 *Average realized price is calculated as revenue, net of commissions earned, divided by total sales volumes of produced and purchased methanol.*

3 *Methanex average non-discounted posted price represents the average of our non-discounted posted prices in North America, Europe and Asia Pacific weighted by sales volume. Current and historical pricing information is available on our website at www.methanex.com.*

4 *These items are non-GAAP measures that do not have any standardized meaning prescribed by Canadian generally accepted accounting principles (GAAP) and therefore are unlikely to be comparable to similar measures presented by other companies. Refer to* Supplemental Non-GAAP Measures *on page 31 for a description of each non-GAAP measure and a reconciliation to the most comparable GAAP measure.*

5 *Cash flows from operating activities in the above table represents cash flows from operating activities before changes in non-cash working capital.*

PRODUCTION SUMMARY

The following table details the annual operating capacity and production for our facilities that operated in 2006 or 2005:

(THOUSANDS OF TONNES)	ANNUAL OPERATING CAPACITY[1]	2006	2005
Chile and Trinidad:			
Chile I, II, III and IV (Chile)[2]	**3,840**	**3,186**	3,029
Atlas (Trinidad) (63.1% interest)	**1,073**	**1,057**	895
Titan (Trinidad)	**850**	**864**	715
	5,763	**5,107**	4,639
Waitara Valley (New Zealand)	**530**	**404**	343
Kitimat (Canada)[3]	**—**	**—**	376
	6,293	**5,511**	5,358

1 *The annual operating capacities shown in the above table may be higher than the original design capacity as a result of efficiencies gained through improvements and experience at our plants.*

2 *Our 840,000 tonne per year Chile IV methanol facility commenced operations in June 2005. Total operating capacity for our Chile facilities in 2005, including Chile IV from the date of start-up, was approximately 3.5 million tonnes.*

3 *We permanently closed the 500,000 tonne per year Kitimat methanol facility on November 1, 2005.*

Chile

We produced 3.2 million tonnes during 2006 at our production hub in Chile compared with 3.0 million tonnes during 2005 and compared with production capacity in 2006 of 3.8 million tonnes. During 2006, we performed planned maintenance at our Chile I facility resulting in lost production of approximately 60,000 tonnes. We experienced some unplanned outages at our Chile IV methanol facility, which commenced operations in the second half of 2005. We believe that we have addressed all of the major operational issues and we expect to achieve improved reliability at our Chile IV facility in 2007. These issues, combined with other technical issues experienced at our Chile facilities, resulted in lost production of approximately 220,000 tonnes during 2006. Our natural gas suppliers to our Chile facilities delivered less than contracted volumes due to technical failures and other issues during 2006 and this resulted in lost production of approximately 260,000 tonnes. Natural gas supply to our Chile facilities was also impacted by curtailments of natural gas supply as a result of redirection orders from the government of Argentina during 2006, resulting in lost production of approximately 50,000 tonnes. For the past three years, the government of Argentina has ordered natural gas suppliers to inject additional gas into the local grid during the winter period in the southern hemisphere (May through August). The remaining lost production of 64,000 tonnes during 2006 was primarily a result of disruptions in natural gas supply from Argentina as a result of curtailments by certain suppliers during negotiations related to export duties.

We currently source 62% of our natural gas requirements for our production facilities in Chile from natural gas suppliers in Argentina that are affiliates of international oil and gas companies. The remaining natural gas requirements are supplied from gas reserves in Chile, mainly by Empresa Nacional del Petroleo (ENAP), the Chilean state-owned energy company.

Effective July 25, 2006, the government of Argentina increased the duty on exports of natural gas from Argentina to Chile, which has been in place since May 2004, from approximately $0.30 per mmbtu to $2.25 per mmbtu. Exports of natural gas from the province of Tierra del Fuego were exempt from this duty until late October 2006 when the government of Argentina extended this duty to include this province at the same rates applicable to the other provinces. As a result, the increased duty on exports of natural gas is applicable to all of the natural gas feedstock that we source from Argentina. The total annual cost of the export duty to our natural gas suppliers from Argentina has increased to approximately $200 million. While our natural gas contracts provide that natural gas suppliers are to pay any duties levied by the government of Argentina, we are in continuing discussions with our natural gas suppliers from Argentina regarding the impact of the increased export duty.

During 2006, we reached interim agreements with all of our natural gas suppliers from Argentina. In principle, we have agreed to share the cost of duties based in part on prevailing methanol prices. We have gained some flexibility to take the natural gas depending on prevailing methanol market conditions, and to the extent that these arrangements are not economic, then we will not purchase the natural gas. While we are in continuing discussions to reach longer-term arrangements with our natural gas suppliers from Argentina regarding the impact of the increased export duty, we cannot provide assurance that we will be able to reach satisfactory longer-term arrangements with our natural gas supplies or that the impact of this export duty will not have an adverse effect on our results of operations and financial condition. As at December 31, 2006, we accrued $26 million to record the estimated cost of sharing export duties for natural gas consumed in 2006. Approximately $8 million was charged to earnings during the fourth quarter of 2006 and the remaining amount is included in the cost of our inventory and will be charged to earnings when the inventory is sold.

We continue to work on sourcing additional natural gas supply for our Chile facilities from alternative sources. There is renewed interest in natural gas exploration in the southern regions of Chile. As an example, our Chilean natural gas supplier, ENAP, and others are undertaking gas exploration and development programs in areas of Chile that are relatively close to our production facilities. If these programs are successful we believe that some additional gas could be available during 2007. In addition, the Government of Chile has announced its intention to assign exploration areas which lie close to our facilities in a bidding round during 2007. However, there can be no assurance that ENAP or others will be successful or that we would obtain any additional natural gas on economic terms. For further information on natural gas exploration in Chile refer to the *Risk Factors and Risk Management* section on page 23.

Trinidad

During 2006, our Trinidad facilities operated well and produced a total of 1.9 million tonnes compared with 1.6 million tonnes during 2005 and compared with production capacity in 2006 of 1.9 million tonnes. Our facilities in Trinidad are capable of producing above design capacity and would have produced a further 90,000 tonnes if it were not for short-term delivery infrastructure constraints of our natural gas suppliers during 2006.

New Zealand

We produced 404,000 tonnes at our Waitara Valley facility in New Zealand during 2006 compared with 343,000 tonnes during 2005. We have secured sufficient natural gas supply that will allow us to produce at this facility at least until the end of 2007. This facility has been positioned as a flexible production asset with operations dependant upon methanol industry supply and demand and the availability of natural gas on commercially acceptable terms.

RESULTS OF OPERATIONS

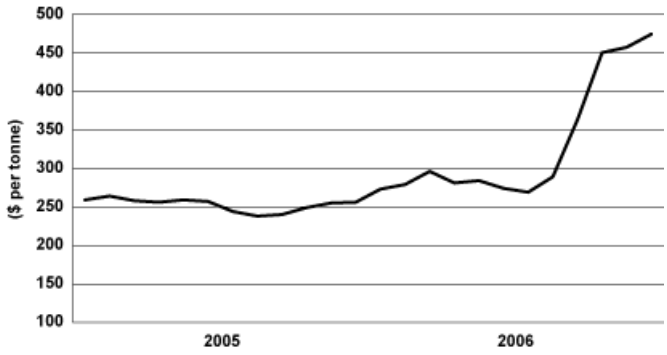
($ MILLIONS)	2006	2005
Condensed consolidated statements of income:		
Revenue	**2,108**	1,658
Cost of sales and operating expenses	**1,308**	1,206
Adjusted EBITDA[1]	**800**	452
Depreciation and amortization	**107**	91
Kitimat closure costs	**—**	41
Operating income	**693**	320
Interest expense	**(45)**	(42)
Interest and other income	**10**	10
Income taxes	**(175)**	(122)
Net income	**483**	166
Income before unusual items (after-tax)[1]	**457**	224

1 *These items are non-GAAP measures that do not have any standardized meaning prescribed by Canadian GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. Refer to* Supplemental Non-GAAP Measures *on page 31 for a description of each non-GAAP measure and a reconciliation to the most comparable GAAP measure.*

Revenue

There are many factors that impact our global and regional revenue levels. The methanol business is a global commodity industry affected by supply and demand fundamentals. Due to the diversity of the end products in which methanol is used, demand for methanol largely depends upon levels of industrial production and changes in general economic conditions, which can vary across the major international methanol markets.

Methanex Average Realized Price 2005-2006



Revenue for 2006 was $2.1 billion compared with $1.7 billion during 2005. Total sales volumes of produced and purchased methanol during 2006 were 6.4 million tonnes compared with 6.5 million tonnes in 2005. The increase in revenue was primarily due to our higher average realized price in 2006 compared with 2005. We entered 2006 with tight market conditions as a result of high global energy prices, industry supply constraints and healthy demand, which resulted in continued strong pricing for the first half of 2006. During the third quarter of 2006, planned and unplanned supplier outages significantly reduced global inventory levels. This led to a dramatic increase in pricing in September and again in October and these high prices continued throughout the remainder of 2006. Our average realized price for 2006 was $328 per tonne compared with $254 per tonne in 2005. Our higher average realized price during 2006 increased revenue by $480 million compared with 2005 while slightly lower sales volumes decreased revenue by $30 million.

The methanol industry is highly competitive and prices are affected by supply and demand fundamentals. We publish non-discounted reference prices for each major methanol market and offer discounts to customers based on various factors. Our average non-discounted published reference price for 2006 was $396 per tonne compared with $301 per tonne in 2005. Our average realized price in 2006 was approximately 17% lower than our average non-discounted published reference price compared with approximately 16% lower for 2005.

To reduce the impact of cyclical pricing on our earnings, we have entered into long-term contracts for a portion of our production volume with certain global customers where prices are either fixed or linked to our costs plus a margin. In 2006, sales under these contracts represented approximately 20% of our total sales volumes. The increase in the discount from our average non-discounted published reference price in 2006 compared with 2005 is primarily the result of higher methanol prices in 2006. The discount from our non-discounted published reference prices is expected to narrow during periods of lower pricing. We believe it is important to maintain financial flexibility throughout the methanol price cycle and these strategic contracts are a part of our balanced approach to managing cash flow and liquidity.

Distribution of Revenue

Due to the diversity of the end products in which methanol is used, demand for methanol largely depends upon levels of industrial production and changes in general economic conditions, which can vary across the major international methanol markets.

Our distribution of revenue for 2006 and 2005 was as follows:

($ MILLIONS, EXCEPT AS NOTED)	2006		2005	
Canada	**167**	**8%**	72	4%
United States	**679**	**32%**	586	35%
Europe	**494**	**23%**	353	21%
Korea	**213**	**10%**	178	11%
Japan	**158**	**8%**	175	11%
Other Asia	**203**	**10%**	163	10%
Latin America	**194**	**9%**	131	8%
	2,108	**100%**	1,658	100%

Our revenue distribution for 2006 is relatively comparable to 2005 except for changes in Canada, the United States and Japan. Revenue related to customers in Canada as a proportion of our total revenue increased as a result of our increased marketing efforts in the Pacific Northwest region of North America. We are able to leverage our ability to import methanol through the Kitimat terminal to supply this attractive market. Revenue in the United States decreased as a proportion of total sales revenue primarily due to lower sales volumes to customers using methanol in the production of MTBE for consumption in the United States. The production of MTBE for consumption in the United States was largely phased out by mid-2006 and the remaining production of MTBE in the United States is mainly destined for export markets. Revenue related to customers in Japan decreased as a proportion of our total revenue as a result of changes in our distribution channels in Japan.

Adjusted EBITDA

We review our results of operations by analyzing changes in the components of our Adjusted EBITDA. In addition to the methanol that we produce at our facilities, we also purchase and re-sell methanol produced by others. In analyzing the changes in Adjusted EBITDA, we separately analyze the results of our Chile and Trinidad produced methanol sales, our New Zealand and Kitimat produced methanol sales, and our purchased methanol sales, as the margin characteristics of each are very different.

Our 2006 Adjusted EBITDA was $800 million compared with $452 million in 2005. The increase in Adjusted EBITDA of $348 million resulted from changes in the following:

($ MILLIONS)	2006 VS. 2005
Chile and Trinidad facilities:	
Average realized price	**357**
Sales volumes	**60**
Total cash costs[1]	**(141)**
	276
Higher margin from New Zealand and Kitimat production	**53**
Higher margin on the sale of purchased methanol	**19**
Increase in Adjusted EBITDA	**348**

1 Includes cash costs related to methanol produced at our Chile and Trinidad facilities as well as consolidated selling, general and administrative expenses and fixed storage and handling costs.

Average Realized Price — Chile and Trinidad facilities

The higher average realized price on sales of methanol produced at our Chile and Trinidad facilities increased Adjusted EBITDA by $357 million.

Sales Volumes — Chile and Trinidad facilities

The commencement of operations of Chile IV in June 2005 increased our total annual Chile and Trinidad production capacity to 5.8 million tonnes from 5.0 million tonnes. Sales volumes of methanol produced at our production hubs in Chile and Trinidad for the year ended December 31, 2006 were higher by 437,000 tonnes compared with 2005, and this increased Adjusted EBITDA by $60 million.

Total Cash Costs — Chile and Trinidad facilities

Our cash costs were higher in 2006 compared with 2005 and this decreased Adjusted EBITDA by $141 million. The primary changes in cash costs were as follows:

($ MILLIONS)	2006 VS. 2005
Higher natural gas costs and other costs linked to higher methanol prices	**81**
Impact of sharing Argentina export duties	**8**
Higher distribution costs	**25**
Higher selling, general and administrative expenses	**20**
Other, net	**7**
	141

Higher Natural Gas Costs and Other Costs Linked to Higher Methanol Prices

Natural gas supply contracts for our assets in Chile and Trinidad include base and variable price components to reduce our commodity price risk exposure. The variable price component of each gas contract is adjusted by a formula related to methanol prices above a certain level. We believe this pricing relationship enables these facilities to be competitive throughout the methanol price cycle. The higher average methanol prices in 2006 increased our natural gas and other costs linked to methanol prices and this decreased Adjusted EBITDA by approximately $81 million compared with 2005. For additional

information regarding our natural gas agreements refer to *Summary of Contractual Obligations and Commercial Commitments — Purchase Obligations* on page 21.

Impact of Sharing Argentina Export Duties

During 2006, the government of Argentina increased the duty on exports of natural gas from Argentina to Chile — for more detail refer to the *Production Summary* section on page 12. During the fourth quarter of 2006, we reached interim agreements with all of our natural gas suppliers from Argentina and in principle, we have agreed to share the cost of duties based in part on prevailing methanol prices. As a result of reaching these interim agreements we accrued an additional $26 million to record the estimated cost of sharing export duties for natural gas consumed in 2006. Approximately $8 million was charged to earnings during 2006 and the remaining amount is included in the cost of our inventory and will be charged to earnings when the inventory is sold.

Higher Distribution Costs

The cost to distribute methanol from our production facilities to customers is a significant component of our operating costs. Ocean shipping costs are the most significant component of our distribution costs and we have a dedicated fleet of ocean-going vessels under long-term time charter that contribute to our objective of cost-effectively delivering methanol to our customers. Our ocean shipping costs increased by $5 million in 2006 compared with 2005, primarily due to increased fuel costs resulting from higher global energy prices partially offset by higher margins earned on backhaul arrangements.

The remaining costs to distribute methanol from our production facilities to customers primarily consist of the cost of in-market storage facilities and in-market distribution. In-market distribution costs will vary depending on the location of the customer and we are able to recover a substantial amount of these costs from our customers. These costs increased during 2006 by $20 million, primarily due to an increase in sales volumes to customers in Asia Pacific and the Pacific Northwest region of North America. Most of these costs were recovered from our customers and this cost recovery has been included in revenue.

Higher Selling, General & Administrative Expenses

Our selling, general and administrative expenses increased by $20 million in 2006 compared with 2005 primarily as a result of an increase in our stock-based compensation expense. Our stock-based compensation expense for deferred, restricted and performance share units is impacted by changes in our share price as these changes are recognized in earnings for the proportion of the service that has been rendered at each reporting date. Our stock price increased by 46% during 2006, resulting in an increase to our stock-based compensation expense.

Margin from New Zealand and Kitimat Production

We permanently closed our Kitimat facility in 2005 and sold the remaining inventory from this facility in early 2006. Our New Zealand operations have been positioned as flexible assets and represent a lower proportion of our Adjusted EBITDA. Therefore, we analyze the results of these facilities on a cash margin basis. In 2006, our cash margin on the sale of New Zealand and Kitimat inventory was higher by $53 million compared with 2005. The increase in cash margin primarily relates to lower sales volumes of high cost Kitimat inventory and higher methanol prices during 2006.

Margin on the Sale of Purchased Methanol

We purchase methanol produced by others through long-term offtake contracts to meet customer needs and support our marketing efforts. Consequently, we realize holding gains or losses on the resale of this product depending on the methanol price at the time of resale. In 2006, our cash margin was $20 million on resale of 1.1 million tonnes of purchased methanol compared with a cash margin of $1 million on resale of 1.2 million tonnes during 2005. The increase in cash margin is primarily due to the impact of increased methanol pricing during 2006.

Depreciation and Amortization

Our depreciation and amortization expense in 2006 was $107 million compared with $91 million in 2005. The increase in depreciation and amortization of $16 million is primarily related to the depreciation of the Chile IV methanol facility, which commenced operations in June 2005, and depreciation related to a capital lease for an ocean-going vessel that commenced during the fourth quarter of 2005.

Kitimat Closure Costs

During 2005, we permanently closed our Kitimat production facilities and converted the site into a terminal for storing and transporting methanol as well as other products. The total closure costs of $41 million (before and after-tax) include employee severance costs of $13 million and contract termination costs of $28 million. Contract termination costs include costs to terminate a take-or-pay natural gas transportation agreement and an ammonia supply agreement.

We have entered into an agreement with EnCana for their use of the Kitimat site as a condensate terminal operation. Under this agreement, we have the right to sell to EnCana, and EnCana has the right to purchase from us, the entire Kitimat site through the exercise of put and call options, respectively. If exercised, a sale of this site under the put or call option would allow us to offset some, or possibly all, of the Kitimat closure costs.

Interest Expense

($ MILLIONS)	2006	2005
Interest expense before capitalized interest	**45**	49
Less capitalized interest related to Chile IV	**—**	(8)
	45	41

Our interest expense before capitalized interest in 2006 was $45 million compared with $49 million in 2005. The decrease in interest expense before capitalized interest primarily relates to lower levels of debt during 2006.

Interest incurred during construction is capitalized to the cost of the asset until the asset is substantively complete and ready for productive use. During 2005, we capitalized interest costs of $8 million to property, plant and equipment related to the construction of Chile IV.

Interest and Other Income

Our interest and other income was $10 million in 2006 compared with $10 million in 2005. Interest and other income increased by $4 million due to higher interest rates and higher cash balances in 2006 compared with 2005. The higher interest income was offset by a charge to earnings of $4 million in 2006 related to the decrease in fair value of natural gas purchase option contracts.

During 2006, we entered into a methanol offtake agreement with Celanese Ltd., a methanol producer in Canada, for a three-month period commencing January 1, 2007. The contract price includes a fixed facility fee and a variable fee indexed to natural gas prices. We entered into natural gas purchase option contracts during the fourth quarter of 2006 to mitigate our exposure to increases in natural gas costs under the methanol offtake agreement. The natural gas purchase option contracts expire over the period to the end of March 2007. We believe these option contracts provide an economic hedge of our exposure to increases in natural gas costs; however, these arrangements do not meet the requirements for hedge accounting treatment under Canadian or US GAAP. Natural gas prices declined late in the fourth quarter of 2006 and the fair value of the natural gas purchase options decreased by $4 million. The change in fair value was charged to earnings resulting in a decrease to interest and other income.

Income Taxes

During 2005, the government of Trinidad and Tobago introduced new tax legislation retroactive to January 1, 2004. As a result, during 2005 we recorded a $17 million charge to increase future income tax expense to reflect the retroactive impact for the period January 1, 2004 to December 31, 2004. In February 2006, the

government of Trinidad and Tobago passed an amendment to this legislation that changed the retroactive effective date to January 1, 2005. As a result of this amendment we recorded an adjustment to decrease future income tax expense by a total of $26 million during 2006. The adjustment includes a reversal of the previous charge to 2005 earnings and an additional adjustment to recognize the benefit of tax deductions that were reinstated as a result of the change in the implementation date.

Excluding the unusual items relating to the 2005 Kitimat closure costs and the Trinidad tax adjustments, the effective tax rate for 2006 was 31% compared with 32% for 2005. The statutory tax rate in Chile and Trinidad, where we earn a substantial portion of our pre-tax earnings, is 35%. Our Atlas facility in Trinidad has partial relief from corporation income tax until 2014.

In Chile, the tax rate consists of a first category tax that is payable when income is earned and a second category tax that is due when earnings are distributed from Chile. The second category tax is initially recorded as future income tax expense and is subsequently reclassified to current income tax expense when earnings are distributed. Accordingly, the ratio of current income tax expense to total income tax expense is highly dependent on the level of cash distributed from Chile.

For additional information regarding income taxes, refer to note 12 of our 2006 consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Highlights

($ MILLIONS)	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash flows from operating activities[1]	**623**	330
Changes in non-cash working capital	**(154)**	29
	469	359
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for shares repurchased	**(187)**	(131)
Dividend payments	**(53)**	(48)
Proceeds on issue of shares on exercise of stock options	**8**	11
Repayment of long-term debt	**(14)**	(258)
Proceeds on issue of long-term debt	**—**	148
Other, net	**(8)**	(18)
	(254)	(296)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	**(53)**	(60)
Plant and equipment construction costs, net	**—**	(24)
Changes in non-cash working capital related to investing activities	**34**	(30)
	(19)	(114)
Increase (decrease) in cash and cash equivalents	**196**	(51)
Cash and cash equivalents, end of year	**355**	159

1 *Cash flows from operating activities in the above table represents cash flows from operating activities before changes in non-cash working capital. This item is a non-GAAP measure — refer to* Supplemental Non-GAAP Measures *section on page 31 for further information.*

Cash Flows from Operating Activities

Our cash flows from operating activities before changes in non-cash working capital were $623 million in 2006 compared with $330 million in 2005. The increase in cash flows from operating activities before changes in non-cash working capital are primarily the result of higher earnings in 2006 compared with 2005.

Our non-cash working capital related to operating activities at December 31, 2006 increased by $154 million compared with December 31, 2005. The increase is primarily a result of an increase in our inventories and accounts receivables balances, net of an increase in accounts payable and accrued liabilities. Our inventories balance increased by $105 million due to the impact of higher production costs and purchased methanol

costs as well as higher inventory volumes. The increases in our accounts receivables and accounts payable and accrued liabilities balances of $70 million and $74 million, respectively, was primarily due to the impact of higher methanol pricing on our trade receivables and trade payables in 2006 compared with 2005.

Cash Flows from Financing Activities

Over the past two years we have returned a total of $419 million of cash to shareholders through a combination of share repurchases of $318 million and regular quarterly dividend payments of $101 million.

In 2005, we commenced a normal course issuer bid that expired on May 16, 2006. On May 17, 2006, we commenced a new bid that expires on May 16, 2007. During 2006, we repurchased a total of 8.5 million common shares under these bids at an average price of US$21.91 per share, totaling $187 million. At December 31, 2006, we had repurchased a total of 3.8 million common shares under the current bid. During 2005, we repurchased a total of 7.7 million common shares at an average price of US$16.97 per share, totaling $131 million.

We increased our regular quarterly dividend by 14% to US$0.125 per share per quarter, beginning with the dividend payable on June 30, 2006. Total dividend payments in 2006 were $53 million compared with $48 million in 2005.

We received proceeds of $8 million and issued 0.7 million common shares on the exercise of stock options during 2006, compared with proceeds of $11 million on the issuance of 1.3 million common shares in 2005.

During 2005, we issued $150 million of 6.00% notes due August 15, 2015. The net proceeds, together with cash on hand, were used to repay $250 million of 7.75% notes at maturity on August 15, 2005. These transactions reduced our long-term debt by $100 million.

Cash Flows from Investing Activities

Additions to property, plant and equipment, which are comprised of turnarounds, catalyst and other capital expenditures, were $53 million for 2006 compared with $60 million in 2005. In 2006 we completed a major turnaround at our Chile facilities and invested $11 million in the joint venture methanol project in Egypt. In 2005, we completed turnarounds at our facilities in Chile and our Titan and Atlas facilities in Trinidad.

During 2005, we completed the construction of Chile IV, an 840,000 tonne per year expansion to our production facilities in Chile. During 2005, we recorded $30 million of incentive tax credits related to the construction of Chile IV and this decreased the total capital expenditures related to Chile IV to $247 million. The tax credits were recorded as a reduction to property, plant and equipment and an increase to receivables and this resulted in an increase to non-cash working capital related to investing activities of $30 million in 2005. In 2006, we collected $28 million of the tax credits and we collected the remaining balance in early 2007. The collection of incentive tax credits in 2006 resulted in a decrease to non-cash working capital related to investing activities of $28 million. The benefit of these tax credits will be recognized in earnings through lower depreciation in future periods.

Summary of Contractual Obligations and Commercial Commitments

A summary of the estimated amount and estimated timing of cash flows related to our contractual obligations and commercial commitments as at December 31, 2006 is as follows:

($ MILLIONS)	2007	2008-2009	2010-2011	After 2011	TOTAL
Long-term debt repayments	14	28	29	415	486
Long-term debt interest obligations	37	71	66	57	231
Repayment of other long-term liabilities	12	22	2	22	58
Capital lease obligations	9	18	17	9	53
Purchase obligations	223	370	383	2,058	3,034
Operating lease commitments	154	197	143	370	864
	449	706	640	2,931	4,726

The above table does not include costs for planned capital maintenance expenditures or any obligations with original maturities of less than one year.

Long-Term Debt Repayments and Interest Obligations

We have $200 million of unsecured notes that mature in 2012 and $150 million of unsecured notes that mature in 2015. The remaining debt repayments are for the expected scheduled principal repayments relating to our proportionate share of the Atlas limited recourse long-term debt facilities. Interest obligations related to variable interest rate long-term debt have been estimated using current interest rates in effect at December 31, 2006. For additional information, refer to note 6 of our 2006 consolidated financial statements.

Repayments of Other Long-Term Liabilities

Repayments of other long-term liabilities represent contractual payment dates or, if the timing is not known, we have estimated the timing of repayment based on management's expectations.

Capital Lease Obligations

We have entered into a capital lease agreement for an ocean-going vessel. The above table includes the future minimum lease payments related to this capital lease. For additional information, refer to note 7 of our 2006 consolidated financial statements.

Purchase Obligations

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. We also have take-or-pay contracts to purchase oxygen and other feedstock requirements. Take-or-pay means that we are obliged to pay for the supplies regardless of whether we take delivery. Such commitments are typical in the methanol industry. These contracts generally provide a quantity that is subject to take-or-pay terms that is lower than the maximum quantity that we are entitled to purchase. The amounts disclosed in the table represent only the take-or-pay quantity.

Natural gas supply contracts for our assets in Chile and Trinidad are denominated in United States dollars and include base and variable price components to reduce our commodity price risk exposure. The variable price component of each gas contract is adjusted by a formula related to methanol prices above a certain level. We believe this pricing relationship enables these facilities to be competitive throughout the methanol price cycle. The amounts disclosed in the table represent only the base price component.

In Chile, we purchase all of our natural gas through long-term take-or-pay supply agreements. Approximately 62% of the natural gas for our Chilean facilities is purchased from suppliers in Argentina with the remainder supplied from gas reserves in Chile, mainly by Empresa Nacional del Petroleo (ENAP), the Chilean state-owned energy company. Refer to *Production Summary* and *Risk Factors and Risk Management* sections for further information regarding natural gas supply to our production facilities in Chile. Natural gas for the Chile I and IV plants is supplied under contracts terminating in 2025 and natural gas export permits, valid until 2025, are in place for the gas being supplied from Argentina for those plants. Natural gas for the Chile II and III plants is supplied under contracts terminating in 2017 and 2019 and gas export permits, valid until those dates, are in place for gas being supplied from Argentina for those plants. Agreements for ten-year extensions of these contracts, until 2027 and 2029 are in place. Natural gas export permits for the gas to be sourced from Argentina under these extensions have not yet been granted. Such permits are customarily only applied for a few years before the contractual agreement becomes effective. Accordingly, we have not included ten-year extension periods for the Chile II and III plants in the contractual obligations and commercial commitments summary above.

The variable price component of the natural gas agreements for our Chilean methanol facilities is determined with reference to 12-month trailing average published industry methanol prices, except for Chile I, where the variable component until mid-2009 is related to our average realized price for the current calendar year. Commencing in mid-2009, the variable price component for Chile I will be calculated with reference to 12-month trailing average published industry methanol prices. The base prices increase annually under the Chile IV contract and, commencing in mid-2009, for the Chile I contract.

In Trinidad, we also have take-or-pay supply contracts for natural gas, oxygen and other feedstock requirements. The variable component of our natural gas contracts in Trinidad is determined with reference

to average published industry methanol prices each quarter and the base prices increase over time. The natural gas and oxygen supply contracts for Titan and Atlas expire in 2014 and 2024, respectively.

Operating Lease Commitments

The majority of these commitments relate to time charter vessel agreements with terms of up to 15 years. Time charter vessels meet most 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.

Financial Instruments

From time to time we enter into derivative financial instruments to limit our exposure to foreign exchange volatility and changes in natural gas feedstock costs and to contribute towards achieving cost structure and revenue targets. At December 31, 2006, the fair value of our derivative financial instruments used to limit our exposure to foreign exchange volatility and changes in natural gas feedstock costs approximate their carrying value of negative $0.2 million. Until settled, the fair value of the derivative financial instruments will fluctuate based on changes in foreign exchange rates and natural gas prices. These contracts are not subject to rating triggers or margin calls and rank equally with all our unsecured indebtedness.

Off-Balance Sheet Arrangements

At December 31, 2006, we do not have any off-balance sheet arrangements, as defined by applicable securities regulators in Canada and the United States, that have, or are reasonably likely to have, a current or future material effect on our results of operations or financial condition.

Liquidity and Capitalization

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

($ MILLIONS, EXCEPT AS NOTED)	2006	2005
LIQUIDITY		
Cash and cash equivalents	**355**	159
Undrawn credit facilities	**250**	250
	605	409
CAPITALIZATION		
Unsecured notes	**350**	350
Limited recourse debt facilities, including current portion	**137**	151
Total debt	**487**	501
Shareholders' equity	**1,209**	950
Total capitalization	**1,696**	1,451
Total debt to capitalization[1]	**29%**	35%
Net debt to capitalization[2]	**10%**	26%

1 *Defined as total debt divided by total capitalization.*

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

Our planned capital maintenance expenditures directed towards major maintenance, turnarounds and catalyst changes are estimated to be approximately $100 million for the period to the end of 2009. We are in the final stages in developing a methanol project in Egypt. This project is being developed through a joint venture in which we have a 60% interest and the marketing rights for all production. We expect to be in a position to make a final investment decision on this project by the middle of 2007. If a decision is made to proceed, we expect the joint venture will fund ongoing expenditures through a combination of project financing and equity contributions.

Our cash balance at December 31, 2006 was $355 million and we have an undrawn $250 million credit facility that expires in 2010. We believe we are well positioned to meet our financial requirements related to the potential methanol project in Egypt, complete our capital maintenance spending program, pursue new opportunities to enhance our leadership position in the methanol industry, investigate opportunities related to new methanol demand for energy applications and continue to deliver on our commitment to return excess cash to shareholders.

The credit ratings for our unsecured notes at December 31, 2006 were as follows:

Standard & Poor's Rating Services	BBB- (negative)
Moody's Investor Services	Ba1 (stable)
Fitch Ratings	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.

RISK FACTORS AND RISK MANAGEMENT

We believe our strategy of creating value by maintaining and enhancing our leadership in the production, marketing and delivery of methanol to our customers provides us with strategic advantages. However, as with any business, we are subject to risks that require prudent risk management. We believe the following risks, in addition to those described under *Critical Accounting Estimates* on page 30, to be among the most important for understanding the issues that face our business and our approach to risk management.

Commodity Price Cyclicality

The methanol business is a highly competitive commodity industry and prices are affected by supply and demand fundamentals. Methanol prices have historically been, and are expected to continue to be, characterized by significant cyclicality. New methanol plants are expected to be built and this will increase overall production capacity. Additional methanol supply can also become available in the future by restarting idle methanol plants, carrying out major expansions of existing plants or debottlenecking existing plants to increase their production capacity. Historically, higher cost plants have been shut down or idled when methanol prices are low but there can be no assurance that this trend will occur in the future. Demand for methanol largely depends upon levels of industrial production and changes in general economic conditions.

Changes in environmental, health and safety requirements could also lead to a decrease in methanol demand. The United States Environmental Protection Agency (EPA) is preparing internal reports relating to the human health effects of methanol including its potential carcinogenicity and their final report is expected to be released in mid-2008. Currently, the EPA does not classify methanol with respect to carcinogenicity. We are unable to determine at this time whether the EPA or any other body will reclassify methanol. Any reclassification could reduce future methanol demand which could have an adverse effect on our results of operations and financial condition.

We are not able to predict future methanol supply and demand balances, market conditions or prices, all of which are affected by numerous factors beyond our control. As a result, we cannot provide assurance that demand for methanol will increase at all, or increase sufficiently to absorb additional production, or that the price of methanol will not decline. Since methanol is the only product we produce and market, a decline in the price of methanol would have an adverse effect on our results of operations and financial condition. We also cannot provide assurance that high cost plants would be shut down or idled if the price of methanol were to decline.

Security of Natural Gas Supply and Price

Natural gas is the principal feedstock for methanol and accounts for a significant portion of our cost of sales and operating expenses. Accordingly, our results from operations depend in large part on the availability and security of supply and the price of natural gas. If we are unable to obtain continued access to sufficient natural gas for any of our plants on commercially acceptable terms, or if we experience

interruptions in the supply of contracted natural gas, we could be forced to reduce production or close plants, which would have a material adverse effect on our results of operations and financial condition.

Chile

In Chile, we purchase all of our natural gas through long-term take-or-pay supply agreements. Currently, approximately 62% of the natural gas for our Chilean facilities is purchased from suppliers in Argentina with the remainder supplied from gas reserves in Chile, mainly by Empresa Nacional del Petroleo (ENAP), the Chilean state-owned energy company. Under our current long-term natural gas purchase commitments for our Chile facilities, the percentage of natural gas supplied from Argentina would increase to approximately 80% in 2009. Over the past few years, Argentina has been experiencing energy shortages. To avoid these shortages, the government of Argentina passed regulations that require Argentinean gas suppliers to give priority to supplying the domestic market. This has resulted in curtailments of gas supply to Chile as a result of the government of Argentina ordering natural gas suppliers to inject additional gas into the local grid. Since 2004, our production facilities in Chile have been impacted by these curtailments, primarily during the winter period in the southern hemisphere. In 2004 and 2005, we lost approximately 50,000 tonnes and 100,000 tonnes of methanol production, respectively, due to these curtailments. In 2006, the curtailment period extended from May to November and we lost about 50,000 tonnes of production.

Our Chilean operations have been, and continue to be, somewhat isolated from this issue because of the location of our plants in the southernmost region of Chile and the pipeline transportation capacity to the population centers in Argentina. There is only one major pipeline that runs from the south to the central region of Argentina. In 2005, the capacity of this pipeline was increased by approximately 13%. Some additional investment in infrastructure was made by our Argentinean gas suppliers in 2005, which increased the supply of natural gas in the southern region where we source our gas. The government of Argentina is pursuing further pipeline expansion projects, although the timing around commencement and completion of these projects is uncertain. To date, we are not aware of any such projects receiving final approval from the government of Argentina.

In July 2006, the government of Argentina increased the duty on exports of natural gas from Argentina to Chile, which has been in place since May 2004, from approximately $0.30 per mmbtu to $2.25 per mmbtu. Exports of natural gas from the province of Tierra del Fuego were exempt from this duty until late October 2006 when the government of Argentina extended this duty to include this province at the same rates applicable to the other provinces. As a result, the increased duty on exports of natural gas is applicable to all of the natural gas feedstock that we source from Argentina. The total cost of the export duty to our natural gas suppliers on an annual basis has increased to approximately $200 million. While our gas contracts provide that gas suppliers are to pay any duties levied by the government of Argentina, we are in continuing discussions with our Argentinean natural gas suppliers regarding the impact of the increased export duty.

During the fourth quarter of 2006, we reached interim agreements with all of our natural gas suppliers from Argentina. In principle, we have agreed to share the cost of duties and we have gained some flexibility to take the natural gas depending on prevailing methanol market conditions. We are in continuing discussions with our natural gas suppliers to reach longer-term arrangements. However, there can be no assurance that we will be successful in entering into longer-term arrangements with our natural gas suppliers from Argentina. As well, there can be no assurance that the natural gas suppliers will not take the position that the imposition of such duties relieves them of the obligation to deliver natural gas under the contracts.

As a result, there are many variables beyond our control that could have an effect on whether we experience production losses as a result of the potential disruption of natural gas supply from Argentina and we are currently unable to provide a reasonable view as to the amount of production losses that we might experience in 2007. These variables include the actions of government, actions of our gas suppliers, claims of force majeure, outcomes of ongoing or future arbitration or other proceedings, weather and other variables that are currently unanticipated or beyond our control.

There is renewed interest in natural gas exploration in the southern regions of Chile and we are working on sourcing additional natural gas supply for our Chile facilities from alternative sources. As an example, our Chilean natural gas supplier, ENAP, and others are undertaking gas exploration and development programs

in areas of Chile that are relatively close to our production facilities. If these programs are successful we believe that some additional gas could be available during 2007. In addition, the government of Chile has announced its intention to assign exploration areas which lie close to our facilities in a bidding round during 2007. However, there can be no assurance that ENAP or others will be successful or that we would obtain any additional natural gas on economic terms.

We are working with our natural gas suppliers and senior government officials in Chile and Argentina, and we continue to monitor this issue closely.

Trinidad

Natural gas for our Trinidad methanol production facilities is supplied under long-term contracts with The National Gas Company of Trinidad and Tobago Limited. The contracts for Titan and Atlas expire in 2014 and 2024, respectively. Although Titan and Atlas are located close to other natural gas reserves in Trinidad, which we believe we could access after the expiration of these natural gas supply contracts, we cannot provide assurance that we would be able to secure access to such natural gas under long-term contracts on commercially acceptable terms.

Since late 2005, large industrial natural gas consumers in Trinidad, including Methanex, have experienced periodic curtailments in their natural gas supply. Curtailments have resulted from a number of different factors including difficulties encountered in bringing new offshore natural gas delivery systems on line and various mechanical problems in the existing pipeline and distribution systems. Also, the commissioning of new facilities consuming large amounts of natural gas has put stress on the natural gas delivery system. We are working with our natural gas supplier and other large natural gas consumers in Trinidad concerning this issue. However, we expect that these curtailments will continue in 2007 and there can be no assurance that production losses will not be materially worse than we have experienced in the recent past.

New Zealand

We have restructured our New Zealand operations over the past few years due to natural gas supply constraints in New Zealand. In 2004, we permanently closed the 1.9 million tonne per year Motunui facility. The 530,000 tonne per year Waitara Valley plant has been positioned as a flexible production asset with operations dependant upon methanol industry supply and demand and the availability of natural gas on commercially acceptable terms. In 2006, we produced about 400,000 tonnes of methanol at the Waitara Valley plant and in January 2007, we secured additional amounts of natural gas which, combined with our existing gas entitlements, are expected to enable this plant to operate at least until the end of 2007 and produce approximately 425,000 tonnes of methanol in 2007. We continue to seek other supplies of natural gas to supplement this production and to extend the life of our New Zealand operations; however, there can be no assurance that we will be able to secure additional gas on commercially acceptable terms.

Demand for Methanol in the Production of Formaldehyde

Approximately 39% of global methanol demand is used to produce formaldehyde. In 2004, the United States National Cancer Institute (NCI) published the results of a study that concluded there is a “possible causal association” between formaldehyde exposure and nasopharyngeal cancer. The NCI is updating its original study and this update is expected to be completed and released in the first half of 2007.

Based in part on the NCI study, the International Agency for Research on Cancer (IARC) upgraded formaldehyde from a “probable” to a “known” carcinogen in 2004. IARC, while not a regulatory body, is influential in setting standards and protocols for various regulatory bodies around the world.

Also in 2004, the EPA began the process of preparing an internal study that could lead to a reclassification of formaldehyde in its Integrated Risk Information System (IRIS), the EPA’s database on human health effects that may result from exposure to various chemicals in the environment. IRIS is also influential as it is used by other countries for setting their national chemical exposure limits. It is expected that the EPA will await the findings from the updated NCI study before finalizing its review. The EPA will also be reviewing data indicating a possible link between formaldehyde exposure and leukemia in animals. It is expected that the EPA review will be released in mid-2008. Currently, the EPA classifies formaldehyde as “a probable human carcinogen.”

In 2005, the United States Department of Health and Human Services announced that formaldehyde has been nominated for reconsideration in the National Toxicology Program's (NTP) 12th Report on Carcinogens. The NTP is an interagency program that evaluates agents of public health concern and currently lists formaldehyde as "reasonably anticipated to be a human carcinogen." Also in the US, the California Air Resources Board (CARB) is proposing an airborne toxic control measure to limit formaldehyde emissions from composite wood panels. A draft regulation was released in October 2006 and a rulemaking board hearing is scheduled for April 2007.

There are proposals in a number of other countries to reclassify formaldehyde and reduce permitted formaldehyde exposure levels. We are unable to determine at this time whether any of these countries or any other bodies will reclassify formaldehyde, or whether these or any other regulatory proposals will come into effect. Any reclassification could reduce future methanol demand for use in producing formaldehyde, which could have an adverse effect on our results of operations and financial condition.

Demand for Methanol in the Production of MTBE

In 2006, methanol for the production of MTBE represented approximately 16% of global methanol demand. MTBE is used primarily as a source of octane and as an oxygenate for gasoline. During the 1990s, environmental concerns and legislation in the US led to the imposition of a federal oxygenate standard for gasoline that resulted in increased demand for MTBE for use in gasoline to reduce automobile tailpipe emissions.

Over the last few years, concerns have been raised in the US regarding the use of MTBE in gasoline. Gasoline containing MTBE has leaked into groundwater in the US, principally from underground gasoline storage tanks, and has also been discharged directly into drinking water reservoirs. As a result, several states including California, New York, New Jersey and Connecticut banned the use of MTBE as a gasoline component and this reduced demand for methanol in the US.

In 2005, the United States federal government passed the Energy Policy Act (EPACT), which contains provisions that have had the effect of further reducing demand for MTBE in the US. While EPACT does not provide for a federal ban on the use of MTBE in gasoline, it does waive the federal oxygenate standard for gasoline effective May 2006 and does not provide MTBE producers and blenders with liability protection.

About two million tonnes of methanol was used in the production of MTBE in the US in 2005. This was reduced to about 1.1 million tonnes in 2006 and we expect that this will be further reduced to about 0.8 million tonnes in 2007. This production is mainly destined for the export market as MTBE is no longer being consumed in the US except for non-fuel use. However, the pace of decline of US methanol demand for MTBE is uncertain and will be determined by various factors including the decision of US-based MTBE producers to continue to make MTBE for export. Most US refiners have already stated that they will stop the production and blending of MTBE for gasoline at some point.

The EPA is preparing an IRIS review of the human health effects of MTBE including its potential carcinogenicity, and their final report is expected to be released in mid-2008. The European Union issued a final risk assessment report on MTBE in 2002 that permitted the continued use of MTBE, although several risk reduction measures relating to the storage and handling of MTBE-containing fuel were recommended. However, governmental efforts in some European Union countries to promote bio-fuels and alternative fuels through legislation and tax policy are putting competitive pressures on the use of MTBE in gasoline. Several European MTBE production facilities have commenced production of ethyl tertiary butyl ether (ETBE) to take advantage of these tax incentives to produce bio-fuels.

Elsewhere in the world, MTBE continues to be used as a source of octane, but with growing use for its clean air benefits. We believe that there is potential for continuing growth in MTBE use outside the United States and Europe. Our belief is based on 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. A number of Asian countries, including China, have adopted European specifications for gasoline formulations. This is expected to lead to increased consumption of MTBE in these markets.

We cannot provide assurance that legislation banning or restricting the use of MTBE or promoting alternatives to MTBE will not be passed or that negative public perceptions outside of the United States

may not develop, either of which would lead to a further decrease in the global demand for methanol for use in MTBE.

Foreign Operations

We currently have substantial operations outside of North America, including Chile, Trinidad, New Zealand, Europe and Asia. We are subject to risks inherent in foreign operations such as: loss of revenue, property and equipment as a result of expropriation, nationalization, war, insurrection and other political risks; 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 we derive substantially all of our 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 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 taxes), foreign currency exchange and capital repatriation laws and other relevant laws of a variety of foreign jurisdictions. While we believe that such assumptions are reasonable, we cannot provide 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.

The dominant currency in which we conduct business is the United States dollar, which is also our reporting currency. The most significant components of our costs are natural gas for feedstock and ocean shipping and substantially all of these costs are incurred in United States dollars. Some of our underlying operating costs and capital expenditures, however, are incurred in currencies other than the United States dollar, principally the Canadian dollar, the Chilean peso, the Trinidad and Tobago dollar, the New Zealand dollar and the euro. 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. A portion of our revenue is earned in euros and British pounds. We are exposed to 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 our revenue.

Operational Risks

Substantially all of our earnings are derived from the sale of methanol produced at our plants. Our business is subject to the risks of operating methanol production facilities, such as unforeseen equipment breakdowns, interruptions in the supply of natural gas and other feedstock, power failures, longer than anticipated planned maintenance activities, loss of port facilities or any other event, including unanticipated events beyond our control, which could result in a prolonged shutdown of any of our plants or impede our ability to deliver methanol to our customers. A prolonged plant shutdown at any of our major facilities could materially affect our revenues and operating income. Additionally, disruptions in our distribution system could materially adversely affect our revenues and operating income. Although we maintain insurance, including business interruption insurance, we cannot provide assurance that we will not incur losses beyond the limits of, or outside the coverage of, such insurance. From time to time, various types of insurance for companies in the chemical and petrochemical industries have not been available on commercially acceptable terms or, in some cases, have been unavailable. We cannot provide assurance that in the future we will be able to maintain existing coverage or that premiums will not increase substantially.

Our trade in methanol is subject to import duties in certain jurisdictions. We cannot provide assurance that the duties that we are currently subject to will not increase, that duties will not be levied in other jurisdictions in the future or that we will be able to mitigate the impact of current or future duties, if levied.

New Capital Projects

As part of our strategy to strengthen our position as a low cost global producer of methanol, we intend to continue to pursue new opportunities to enhance our strategic position in the methanol industry. For example, we are developing a new methanol project in Egypt, but, as noted below, have not yet made a final decision to proceed with this project.

Our ability to successfully identify, develop and complete new capital projects is subject to a number of risks, including finding and selecting favourable locations for new facilities where sufficient natural gas is available through long-term contracts with acceptable commercial terms, obtaining project or other financing on satisfactory terms, developing and not exceeding acceptable project cost estimates, constructing and completing the projects within the contemplated schedules and other risks commonly associated with the design, construction and start-up of large complex industrial projects. We cannot assure you that we will be able to identify and develop new methanol projects or, if we decide to proceed with a project, that the anticipated cost of construction will not be exceeded or that it will commence commercial production within the anticipated schedule, if at all.

We expect to make a final decision to proceed with our proposed project in Egypt by mid-2007. As at December 31, 2006, we have incurred approximately $16 million in development costs for this project that have been capitalized to property, plant and equipment and we will incur further development costs before making a final decision. If the final decision is made not to proceed, it would result in a write-off of these development costs.

Competition

The methanol industry is highly competitive. Methanol is a global commodity and customers base their purchasing decisions principally on the delivered price of methanol and reliability of supply. Some of our competitors are not dependent for revenues on a single product and some have greater financial resources than we do. Our competitors also include state-owned enterprises. These competitors may be better able than we are to withstand price competition and volatile market conditions.

Environmental Regulation

The countries in which we operate have laws and regulations to which we are subject 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 and regulations governing the import, export, use, discharge, storage, disposal and transportation of toxic substances. The products we use and produce are subject to regulation under various health, safety and environmental laws. Non-compliance with any of these laws and regulations may give rise to work orders, fines, injunctions, civil liability and criminal sanctions.

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. These laws and regulations may also expose us to liability for the conduct of, or conditions caused by, others, or for our own acts that complied with applicable laws at the time such acts were performed. The operation of chemical manufacturing plants and the distribution of methanol exposes us to risks in connection with compliance with such laws and we cannot provide assurance that we will not incur material costs or liabilities.

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. Demand growth for methanol is driven primarily by growth in industrial production, energy prices and the strength of the global economy.

During the second half of 2006 global inventory levels were very low as a result of planned and unplanned supplier outages and strong demand. As a result, methanol prices increased substantially in September and again in October and pricing remained at these high levels for the remainder of 2006.

We estimate that global demand for methanol in 2006 increased by approximately 6% over 2005 to a total of 38 million tonnes, despite the phasing out of MTBE in the US. The increase in demand was driven primarily by an increase in demand for methanol in China, strong global economies leading to strong global demand for methanol in the traditional chemical derivatives markets and an increase in demand for methanol in energy-related markets. During 2006, demand for methanol in China was very strong and grew at higher rates than we expected for both traditional uses and non-traditional uses such as gasoline fuel

blending. During 2006, there were numerous smaller scale capacity additions in China representing approximately 3.5 million tonnes per year and one significant addition of a 600,000 tonne per year natural gas based plant located on Hainan Island. The only significant capacity addition outside of China was the 550,000 tonne per year Togliatti plant in Russia that commenced operations towards the end of 2006.

Over the two-year period to the end of 2008, it is expected that new capacity and expansions outside of China will add approximately 6.5 million tonnes of capacity to the global industry. It is expected that the next increment of world-scale capacity will be the 1.7 million tonne per year NPC facility in Iran, which is expected to commence operations during the first half of 2007. In addition, there is a 1.0 million tonne per year plant in Oman under construction and it is expected that product from this plant will be available to the market during the second half of 2007. In 2008, it is expected that approximately 3.4 million tonnes of new capacity may be added to the market from two world-scale plants in Iran and Saudi Arabia and other expansions. Over the same period, it is also expected that additional plants will be constructed in China. We continue to believe that under normal market conditions, substantially all methanol production in China will be consumed locally and that China will continue to require imports to satisfy demand. We also believe that demand for methanol in China, for traditional chemical applications and new energy-related applications, will continue to grow at high rates, which will require capacity expansion and good operating rates in China in order to satisfy the growth in its domestic demand.

Over the two-year period to the end of 2008, we believe approximately 3.3 million tonnes of capacity could shut down as a result of high feedstock prices. Methanex itself is supplying methanol from two plants with a combined annual capacity of approximately 1.4 million tonnes that may shut down over the next 12 months. This includes our 530,000 tonne Waitara Valley facility located in New Zealand, which we are operating as a flexible asset, and the 850,000 tonne Celanese facility located in Alberta, Canada. We are purchasing methanol from the Celanese facility under an offtake agreement with Celanese Ltd. that expires on March 31, 2007.

Over the same period, we believe that the methanol industry will require new capacity outside of China to satisfy traditional demand driven by general economic growth. In addition, we believe there is considerable potential for demand growth in emerging applications for methanol. These emerging applications include biodiesel, methanol for power generation, di-methyl ether (DME) and fuel blending, with the latter two having the largest growth prospects in China.

Typical of most cyclical commodity chemicals, periods of high methanol prices encourage high cost production to operate at maximum rates, construction of new plants and expansion projects leading to the possibility of oversupply in the market. However, historically, not all announced capacity additions result in the completion of new plants. The construction of low-cost world-scale methanol facilities requires significant capital costs over a long lead time, a location with access to significant natural gas reserves with appropriate pricing and an ability to cost-effectively deliver methanol to customers. Obtaining access to gas supply is becoming more challenging as gas is increasingly being used for higher value uses such as domestic use, LNG or other chemical products. In addition, plant construction phases have been extended and capital costs have escalated due to strong demand for raw materials, equipment and labour caused by increased construction activity globally.

We entered 2007 with high prices, which in a normal demand and supply environment are unsustainable, and global inventory levels in the methanol industry are recovering in 2007. However, industry fundamentals continue to be favourable and are underpinned by healthy demand and high energy prices. The methanol price will ultimately depend on industry operating rates, the rate of industry restructuring and the strength of global demand. We believe that our excellent financial position and financial flexibility, outstanding global supply network and competitive cost position will provide a sound basis for Methanex continuing to be a leader in the methanol industry.

CRITICAL ACCOUNTING ESTIMATES

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 of our 2006 consolidated financial statements for our significant accounting policies.

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, 2006, the net book value of our property, plant and equipment was $1,353 million. We estimate the useful lives of property, plant and equipment and this is used as the basis for recording depreciation and amortization. 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. An impairment charge is recognized in cases where the undiscounted expected future cash flows from an asset are less than the net book value of the asset. The impairment charge is equal to the amount by which the net book value of the asset exceeds its fair value. Fair value is based on quoted market values, if available, or alternatively using discounted expected future cash flows.

There are a number of uncertainties inherent in estimating future net cash flows to be generated by our production facilities. These include, among other things, assumptions regarding future supply and demand, methanol pricing, availability and pricing of natural gas supply, and production and distribution costs. Changes in these assumptions will impact our estimates of future net cash flows and could impact our estimates of the useful lives of property, plant and equipment. Consequently, it is possible that our future operating results could be materially and adversely affected by asset impairment charges or by changes in depreciation and amortization rates related to property, plant and equipment.

Asset Retirement Obligations

We record asset retirement obligations at fair value when incurred for those sites where a reasonable estimate of the fair value can be determined. At December 31, 2006, we had accrued $16 million for asset retirement obligations. Inherent uncertainties exist because the restoration activities will take place 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 estimate of fair value is based on today's regulations and technology. Because of uncertainties related to estimating the cost and timing of future site restoration activities, future costs could differ materially from the amounts estimated.

Income Taxes

Future income tax assets and liabilities are determined using currently enacted or substantially 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 use 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 used to offset future taxable income otherwise calculated. Our management routinely reviews these judgments. At December 31, 2006, we had future income tax assets of $302 million that are substantially offset by a valuation allowance of $263 million.

The determination of income taxes requires the use of judgment and estimates. If certain judgments or estimates prove to be inaccurate, or if certain tax rates or laws change, our results of operations and financial position could be materially impacted.

NEW CANADIAN ACCOUNTING STANDARDS ADOPTED IN 2006

There were no new Canadian accounting standards adopted during 2006 that had a material impact on our consolidated financial statements.

ANTICIPATED CHANGES TO CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Financial Instruments — Recognition and Measurement, Hedges and Comprehensive Income

The Canadian Institute of Chartered Accountants has issued new accounting standards for financial instruments that are effective for the Company as of January 1, 2007. These standards address when an entity should recognize a financial instrument on its balance sheet and how it should measure the financial instrument once recognized. These standards also provide guidance on applying hedge accounting and provide alternative treatments for entities that choose to designate qualifying transactions as hedges for accounting purposes. Comprehensive income is also introduced as a concept in Canadian accounting with a requirement to present certain unrealized gains and losses outside net income. We are currently assessing the implications of these new standards on our consolidated financial statements.

SUPPLEMENTAL NON-GAAP MEASURES

In addition to providing measures prepared in accordance with Canadian GAAP, we present certain supplemental non-GAAP measures. These are Adjusted EBITDA, income before unusual items (after-tax), diluted income before unusual items (after-tax) per share, operating income and cash flows from operating activities before changes in non-cash working capital. These measures do not have any standardized meaning prescribed by Canadian GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. We believe these measures are useful in evaluating the operating performance and liquidity of the Company's ongoing business. These measures should be considered in addition to, and not as a substitute for, net income, cash flows and other measures of financial performance and liquidity reported in accordance with Canadian GAAP.

Operating Income and Cash Flows from Operating Activities before Non-Cash Working Capital

Operating income and cash flows from operating activities before changes in non-cash working capital are reconciled to Canadian GAAP measures in our consolidated statements of income and consolidated statements of cash flows, respectively.

Income before Unusual Items (After-Tax) and Diluted Income before Unusual Items (After-Tax) per Share

These supplemental non-GAAP measures are provided to assist readers in comparing earnings from one period to another without the impact of unusual items that are considered by management to be non-operational and/or non-recurring. Diluted income before unusual items (after-tax) per share has been calculated by dividing income before unusual items (after-tax) by the diluted weighted average number of common shares outstanding.

The following table shows a reconciliation of net income to income before unusual items (after-tax) and the calculation of diluted income before unusual items (after-tax) per share:

($ MILLIONS, EXCEPT NUMBER OF SHARES AND PER SHARE AMOUNTS)	2006	2005
Net income	**$ 483**	$ 166
Add (deduct) unusual items:		
Kitimat closure costs	**—**	41
Future income taxes related to change in tax legislation	**(26)**	17
Income before unusual items (after-tax)	**$ 457**	$ 224
Diluted weighted average number of common shares outstanding (millions of shares)	**109**	118
Diluted income before unusual items (after-tax) per share	**$4.18**	$1.89

Adjusted EBITDA

This supplemental non-GAAP measure is provided to assist readers in determining our ability to generate cash from operations. We believe this measure is useful in assessing performance and highlighting trends on an overall basis. We also believe Adjusted EBITDA is frequently used by securities analysts and investors when comparing our results with those of other companies. Adjusted EBITDA differs from the

most comparable GAAP measure, cash flows from operating activities, primarily because it does not include changes in non-cash working capital, stock-based compensation expense and other non-cash items net of cash payments, Kitimat closure costs, interest expense, interest and other income, and current income taxes.

The following table shows a reconciliation of cash flows from operating activities to Adjusted EBITDA:

($ MILLIONS)	2006	2005
Cash flows from operating activities	**$469**	$359
Add (deduct):		
Changes in non-cash working capital	**154**	(29)
Stock-based compensation, net	**(13)**	(5)
Other, net	**1**	(2)
Kitimat closure costs	**—**	41
Interest expense	**45**	41
Interest and other income	**(10)**	(10)
Income taxes — current	**154**	57
Adjusted EBITDA	**$800**	$452

QUARTERLY FINANCIAL DATA (UNAUDITED)

	THREE MONTHS ENDED			
($ MILLIONS, EXCEPT PER SHARE AMOUNTS)	DEC 31	SEP 30	JUN 30	MAR 31
2006				
Revenue	**$ 668**	**$ 520**	**$ 461**	**$ 460**
Net income	**172**	**113**	**82**	**115**
Basic net income per share	**1.62**	**1.05**	**0.75**	**1.02**
Diluted net income per share	**1.61**	**1.05**	**0.75**	**1.02**
2005				
Revenue	$ 460	$ 349	$ 411	$ 438
Net income (loss)	49	(22)	63	76
Basic net income (loss) per share	0.42	(0.19)	0.53	0.63
Diluted net income (loss) per share	0.42	(0.19)	0.53	0.63

SELECTED ANNUAL INFORMATION

($ MILLIONS, EXCEPT PER SHARE AMOUNTS)	2006	2005	2004
Revenue	**$2,108**	$1,658	$1,719
Net income	**483**	166	236
Basic net income per share	**4.43**	1.41	1.95
Diluted net income per share	**4.41**	1.40	1.92
Cash dividends declared per share	**0.485**	0.410	0.280
Total assets	**2,443**	2,106	2,125
Total long-term financial liabilities	**542**	566	411

CONTROLS AND PROCEDURES

Disclosure controls and procedures are those controls and procedures that are designed to ensure that the information required to be disclosed in filings under applicable securities regulations is recorded, processed, summarized and reported within the time periods specified. As at December 31, 2006, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded our disclosure controls and procedures are effective.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles (Canadian GAAP) and the requirements of the Securities and Exchange Commission in the United States, as applicable. Management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2006.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2006 has been audited by KPMG LLP, Chartered Accountants, and their opinion is included in the annual report on page 37.

There have been no changes during the year ended December 31, 2006 to our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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.

FORWARD-LOOKING STATEMENTS

Statements made in this document that are based on our current objectives, expectations, estimates and projections constitute forward-looking statements. These statements include forward-looking statements both with respect to us and the chemicals industry. Statements that include the words "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates," "anticipates," or the negative version of those words or other comparable terminology and similar statements of a future or forward-looking nature identify forward-looking statements. Methanex believes that it has a reasonable basis for making such 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. Certain material factors or assumptions were applied in drawing the conclusions or making the forecasts or projections which are included in these forward-looking statements.

Important factors that can cause stated 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; actions of competitors; actions of governments including changes in laws or regulations; the ability to implement business strategies, pursue business opportunities and maintain and enhance our competitive advantages; 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 projects on time and on budget; availability and price of natural gas feedstock; 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 discussed under the heading *Risk Factors and Risk Management* in our 2006 Management's Discussion and Analysis.

Having in mind these and other factors, investors and other readers are cautioned not to place undue reliance on forward-looking statements. They are not a substitute for the exercise of one's own due diligence and judgment. The outcomes anticipated in forward-looking statements may not occur and we do not undertake to update forward-looking statements.

Consolidated Financial Statements

RESPONSIBILITY FOR FINANCIAL REPORTING

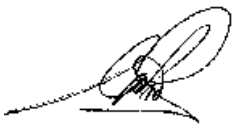
The consolidated financial statements and all financial information contained in the annual report are the responsibility of management. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, where appropriate, have incorporated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

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the internal control framework set out in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2006.

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 consolidated financial statements. The Board carries out this responsibility principally through the Audit, Finance and Risk Committee (the Committee).

The Committee consists of five non-management directors, all of whom are independent as defined by the applicable rules in Canada and the United States. The Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibility relating to: the integrity of the Company's financial statements, news releases and securities filings; the financial reporting process; the systems of internal accounting and financial controls; the professional qualifications and independence of the external auditor; the performance of the external auditors; risk management processes; financing plans; pension plans; and the Company's compliance with ethics policies and legal and regulatory requirements.

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 audited the consolidated financial statements and the effectiveness of internal controls over financial reporting. Their opinions are included in the annual report.



Terence Poole
Chairman of the Audit, Finance and Risk Committee



Bruce Aitken
President and Chief Executive Officer



Ian Cameron
Senior Vice President, Finance and Chief Financial Officer

March 2, 2007

AUDITORS' REPORT

To the Shareholders of Methanex Corporation

We have audited the consolidated balance sheets of Methanex Corporation ("the Company") as at December 31, 2006 and 2005 and the consolidated statements of income, shareholders' equity 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. With respect to the consolidated financial statements for the year ended December 31, 2006, we also conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 2, 2007 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.



Chartered Accountants
Vancouver, Canada

March 2, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Methanex Corporation

We have audited management's assessment, included in the accompanying Responsibility for Financial Reporting, that Methanex Corporation ("the Company") maintained effective internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have conducted our audits on the consolidated financial statements in accordance with Canadian generally accepted auditing standards. With respect to the year ended December 31, 2006, we also have conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our report dated March 2, 2007, expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Chartered Accountants
Vancouver, Canada

March 2, 2007

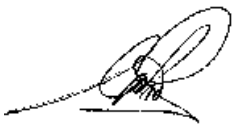
Consolidated Balance Sheets

(thousands of U.S. dollars, except number of common shares)

AS AT DECEMBER 31	2006	2005
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 355,054**	$ 158,755
Receivables (note 2)	**366,387**	296,522
Inventories	**244,766**	140,104
Prepaid expenses	**24,047**	13,555
	990,254	608,936
Property, plant and equipment (note 3)	**1,352,719**	1,396,126
Other assets (note 5)	**100,518**	101,045
	$2,443,491	$2,106,107
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 309,566**	$ 235,487
Current maturities on long-term debt (note 6)	**14,032**	14,032
Current maturities on other long-term liabilities (note 7)	**17,022**	9,663
	340,620	259,182
Long-term debt (note 6)	**472,884**	486,916
Other long-term liabilities (note 7)	**68,818**	79,421
Future income tax liabilities (note 12)	**351,918**	331,074
Shareholders' equity:		
Capital stock		
25,000,000 authorized preferred shares without nominal or par value		
Unlimited authorization of common shares without nominal or par value		
Issued and outstanding common shares at December 31, 2006 was 105,800,942 (2005 — 113,645,292)	**474,739**	502,879
Contributed surplus	**10,346**	4,143
Retained earnings	**724,166**	442,492
	1,209,251	949,514
	$2,443,491	$2,106,107

See accompanying notes to consolidated financial statements.

Approved by the Board:



Terence Poole
Director



Bruce Aitken
Director

Consolidated Statements of Income

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

FOR THE YEARS ENDED DECEMBER 31	2006	2005
Revenue	**$ 2,108,250**	$ 1,658,120
Cost of sales and operating expenses	**1,308,175**	1,206,425
Depreciation and amortization	**106,828**	91,225
Kitimat closure costs (note 9)	**—**	41,126
Operating income	**693,247**	319,344
Interest expense (note 10)	**(44,586)**	(41,489)
Interest and other income	**9,598**	10,344
Income before income taxes	**658,259**	288,199
Income tax expense (note 12):		
Current	**(154,466)**	(56,911)
Future	**(46,597)**	(48,657)
Future income taxes related to change in tax legislation	**25,753**	(16,879)
	(175,310)	(122,447)
Net income	**$ 482,949**	$ 165,752
Basic net income per common share	**$ 4.43**	$ 1.41
Diluted net income per common share	**$ 4.41**	$ 1.40
Weighted average number of common shares outstanding	**109,110,689**	117,766,436
Diluted weighted average number of common shares outstanding	**109,441,404**	118,362,665

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

(thousands of U.S. dollars, except number of common shares)

	Number of Common Shares	Capital Stock	Contributed Surplus	Retained Earnings	Total Shareholders' Equity
Balance, December 31, 2004	**120,022,417**	**$ 523,255**	**$ 3,454**	**$ 422,535**	**$ 949,244**
Net income	—	—	—	165,752	165,752
Compensation expense recorded for stock options	—	—	2,849	—	2,849
Issue of shares on exercise of stock options	1,338,475	10,621	—	—	10,621
Reclassification of grant date fair value on exercise of stock options	—	2,160	(2,160)	—	—
Payment for shares repurchased	(7,715,600)	(33,157)	—	(97,806)	(130,963)
Dividend payments	—	—	—	(47,989)	(47,989)
Balance, December 31, 2005	**113,645,292**	**502,879**	**4,143**	**442,492**	**949,514**
Net income	—	—	—	482,949	482,949
Compensation expense recorded for stock options	—	—	8,568	—	8,568
Issue of shares on exercise of stock options	680,950	7,519	—	—	7,519
Reclassification of grant date fair value on exercise of stock options	—	2,365	(2,365)	—	—
Payment for shares repurchased	(8,525,300)	(38,024)	—	(148,755)	(186,779)
Dividend payments	—	—	—	(52,520)	(52,520)
Balance, December 31, 2006	**105,800,942**	**$ 474,739**	**$ 10,346**	**$ 724,166**	**$ 1,209,251**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(thousands of U.S. dollars)

FOR THE YEARS ENDED DECEMBER 31	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 482,949**	$ 165,752
Add (deduct):		
Depreciation and amortization	**106,828**	91,225
Future income taxes	**20,844**	65,536
Stock-based compensation, net	**13,500**	5,206
Other, net	**(1,201)**	1,986
Cash flows from operating activities before undernoted	**622,920**	329,705
Changes in non-cash working capital (note 13)	**(154,083)**	29,398
	468,837	359,103
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for shares repurchased	**(186,779)**	(130,963)
Dividend payments	**(52,520)**	(47,989)
Proceeds on issue of shares on exercise of stock options	**7,519**	10,621
Repayment of long-term debt	**(14,032)**	(258,064)
Proceeds on issue of long-term debt	**—**	148,090
Changes in debt service reserve accounts	**(2,301)**	(6,001)
Repayment of other long-term liabilities	**(5,897)**	(11,643)
	(254,010)	(295,949)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	**(53,074)**	(59,832)
Plant and equipment construction costs	**—**	(54,387)
Incentive tax credits related to plant and equipment construction costs	**—**	30,100
Changes in non-cash working capital related to investing activities (note 13)	**34,546**	(30,329)
	(18,528)	(114,448)
Increase (decrease) in cash and cash equivalents	**196,299**	(51,294)
Cash and cash equivalents, beginning of year	**158,755**	210,049
Cash and cash equivalents, end of year	**$ 355,054**	$ 158,755
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid, net of capitalized interest	**$ 38,577**	$ 40,031
Income taxes paid, net of amounts refunded	**$ 110,275**	$ 66,295
NON-CASH FINANCING AND INVESTING ACTIVITIES		
Capital lease obligation	**$ —**	$ 32,990

See accompanying notes to consolidated financial statements.

1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada. These accounting principles are different in some respects from those generally accepted in the United States and the significant differences are described and reconciled in Note 18.

These consolidated financial statements include the accounts of Methanex Corporation, its subsidiaries and its proportionate share of joint venture revenues, expenses, assets and liabilities. All significant 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 and foreign currency translation:

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

(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 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. Interest incurred during construction is capitalized to the cost of the asset. Incentive tax credits related to property, plant and equipment are recorded as a reduction in the cost of property, plant and equipment. The benefit of incentive tax credits is recognized in earnings through lower depreciation in future periods.

Depreciation and amortization is generally provided on a straight-line basis at rates calculated to amortize the cost of property, plant and equipment from the commencement of commercial operations over their estimated useful lives to estimated residual value.

Routine repairs and maintenance costs are expensed as incurred. At regular intervals, the Company conducts a planned shutdown and inspection (turnaround) at its plants to perform major maintenance and replacements of catalyst. Costs associated with these shutdowns are capitalized and amortized over the period until the next planned turnaround.

(g) Interests in joint ventures:

The Company's interests in joint ventures are 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:

Marketing and production rights are capitalized to other assets and amortized to depreciation and amortization expense on an appropriate basis to charge the cost of the assets against earnings.

Financing costs for long-term obligations are capitalized to other assets and amortized to interest expense over the term of the related long-term obligation.

(i) Asset retirement obligations:

The Company recognizes asset retirement obligations for those sites where a reasonably definitive estimate of the fair value of the obligation can be determined. The Company estimates fair value by determining the current market cost required to settle the asset retirement obligation, adjusts for inflation through to the expected date of the expenditures and discounts this amount back to the date when the obligation was originally incurred. As the liability is initially recorded on a discounted basis, it is increased each period until the estimated date of settlement. The resulting expense is referred to as accretion expense and is included in cost of sales and operating expenses. Asset retirement obligations are not recognized with respect to assets with indefinite or indeterminate lives as the fair value of the asset retirement obligations cannot be reasonably estimated due to uncertainties regarding the timing of expenditures. The Company reviews asset retirement obligations on a periodic basis and adjusts the liability as necessary to reflect changes in the estimated future cash flows and timing underlying the fair value measurement.

(j) 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 that exceed 10% of the greater of the accrued benefit obligation and the fair value of the plan assets that arise from plan amendments, experience gains and losses and changes in assumptions are amortized to earnings 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 earnings in the year in which they occur.

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

(k) Net income per common share:

The Company calculates basic net income per common share by dividing net income by the weighted average number of common shares outstanding and calculates diluted net income per common share under the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted net income per share assumes that the total of the proceeds to be received on the exercise of dilutive stock options and the unrecognized portion of the fair value of stock options is applied to repurchase common shares at the average market price for the period. A stock option is dilutive only when the average market price of common shares during the period exceeds the exercise price of the stock option.

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

FOR THE YEARS ENDED DECEMBER 31	2006	2005
Denominator for basic net income per common share	**109,110,689**	117,766,436
Effect of dilutive stock options	**330,715**	596,229
Denominator for diluted net income per common share	**109,441,404**	118,362,665

(l) Stock-based compensation:

The Company grants stock-based awards as an element of compensation. Stock-based awards granted by the Company can include stock options, deferred share units, restricted share units or performance share units. The stock option plan of the Company and the terms of the deferred, restricted and performance share units are described in note 8.

For stock options granted by the Company, the cost of the service received as consideration is measured based on an estimate of fair value at the date of grant. The grant-date fair value is recognized as compensation expense over the related service period with a corresponding increase in contributed surplus. On exercise of stock options, consideration received together with the compensation expense previously recorded to contributed surplus is credited to share capital. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. The assumptions used in the Black-Scholes option pricing model are disclosed in note 8.

Deferred, restricted and performance share units are grants of notional common shares that are redeemable for cash based on the market value of the Company's common shares and are non-dilutive to shareholders. Performance share units have an additional feature where the ultimate number of units that vest will be determined by the Company's total shareholder return in relation to a predetermined target over the period to vesting. The number of units that will ultimately vest will be in the range of 50% to 120% of the original grant. The fair value of deferred, restricted and performance share units is initially measured at the grant date based on the market value of the Company's common shares and is recognized in earnings over the related service period. Changes in fair value are recognized in earnings for the proportion of the service that has been rendered at each reporting date.

(m) Revenue recognition:

Revenue is recognized based on individual contract terms when the title and risk of loss to the product transfers to the customer, which usually occurs at the time shipment is made. Revenue is recognized at the time of delivery to the customer's location if the Company retains title or risk of loss during shipment. For methanol shipped on a consignment basis, revenue is recognized when the customer consumes the methanol. For methanol sold on a commission basis, the Company does not take risk and title to the product and only the commission income is included in revenue when earned.

(n) Financial instruments:

A substantial portion of the Company's business is transacted in its reporting currency, the U.S. dollar. Certain revenues, operating costs and capital expenditures are transacted in currencies other than the U.S. dollar. The Company uses derivative financial instruments to reduce its exposure to fluctuations in foreign exchange and natural gas prices on certain committed and anticipated transactions to contribute to achieving cost structure and revenue targets. The Company does not utilize derivative financial instruments for trading or speculative purposes.

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

The change in fair value of foreign currency denominated derivative financial instruments used to hedge anticipated or committed foreign currency denominated exposures is recognized as an adjustment to the related revenues, operating costs or capital expenditures when the hedged transaction is recorded. Derivative financial instruments not designated as hedges are recorded at fair value with changes in fair value recognized in earnings at each reporting date. Premiums paid or received with respect to derivative financial instruments that are designated as hedges are deferred and amortized to income over the effective period of the contracts.

(o) 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 currently enacted or substantially enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation 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 accrues for taxes that will be incurred upon distributions from its subsidiaries when it is probable that the earnings will be repatriated.

The determination of income taxes requires the use of judgment and estimates. If certain judgments or estimates prove to be inaccurate, or if certain tax rates or laws change, the Company's results of operations and financial position could be materially impacted.

2. Receivables:

AS AT DECEMBER 31	2006	2005
Trade	**$317,961**	$234,870
Incentive tax credits receivable (a)	**2,325**	30,100
Value-added and other taxes	**32,345**	21,900
Other	**13,756**	9,652
	$366,387	$296,522

(a) Incentive tax credits receivable:

For the year ended December 31, 2005, the Company was eligible for incentive tax credits in the amount of $30.1 million related to the construction of the 840,000 tonne per year Chile IV methanol production facility. At December 31, 2005, these incentive tax credits were recorded as a reduction to property, plant and equipment and an increase to receivables. During 2006, the Company collected $27.8 million related to these incentive tax credits and the remaining amount of $2.3 million was received in early 2007.

3. Property, plant and equipment:

AS AT DECEMBER 31	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
2006			
Plant and equipment	**$2,728,837**	**$ 1,451,162**	**$ 1,277,675**
Other	**118,896**	**43,852**	**75,044**
	$2,847,733	**$ 1,495,014**	**$ 1,352,719**
2005			
Plant and equipment	$2,711,775	$ 1,383,105	$ 1,328,670
Other	101,718	34,262	67,456
	$2,813,493	$ 1,417,367	$ 1,396,126

4. Interest in Atlas joint venture:

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

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31	2006	2005
Cash and cash equivalents	**$ 19,268**	$ 24,032
Other current assets	**62,420**	32,937
Property, plant and equipment	**264,292**	281,765
Other assets	**22,471**	20,409
Accounts payable and accrued liabilities	**28,644**	30,340
Long-term debt, including current maturities (note 6)	**136,916**	150,948
Future income tax liabilities (note 12)	**10,866**	21,988

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31	2006	2005
Revenue	**$219,879**	$177,760
Expenses	**182,656**	145,478
Income before income taxes	**37,223**	32,282
Income tax recovery (expense)	**9,997**	(21,988)
Net income	**$ 47,220**	$ 10,294

Included in income tax recovery (expense) is an adjustment related to a retroactive change in tax legislation (note 12).

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31	2006	2005
Cash inflows from operating activities	**$ 23,465**	$ 33,672
Cash outflows from financing activities	**(14,032)**	(8,064)
Cash outflows from investing activities	**(3,137)**	(15,557)

5. Other assets:

AS AT DECEMBER 31	2006	2005
Marketing and production rights, net of accumulated amortization	**$ 42,344**	$ 49,976
Restricted cash for debt service reserve account	**17,362**	15,061
Deferred financing costs, net of accumulated amortization	**10,924**	12,063
Defined benefit pension plans (note 16)	**11,745**	9,075
Other	**18,143**	14,870
	$100,518	$101,045

For the year ended December 31, 2006, amortization of marketing and production rights included in depreciation and amortization was $7.6 million (2005 — $7.7 million) and amortization of deferred financing costs included in interest expense was $1.1 million (2005 — $2.1 million).

6. Long-term debt:

AS AT DECEMBER 31	2006	2005
Unsecured Notes:		
(i) 8.75% due August 15, 2012 (effective yield 8.75%)	**$200,000**	$200,000
(ii) 6.00% due August 15, 2015 (effective yield 6.03%)	**150,000**	150,000
	350,000	350,000
Atlas Methanol Company — limited recourse debt facilities (63.1% proportionate share):		
(i) Senior commercial bank loan facility with interest payable semi-annually with rates based on LIBOR plus a spread ranging from 2.25% to 2.75% per annum. Principal is paid in twelve semi-annual payments which commenced June 2005	**49,207**	63,239
(ii) Senior secured notes bearing an interest rate of 7.95% per annum with semi-annual interest payments. Principal will be paid in nine semi-annual payments commencing December 2010	**63,100**	63,100
(iii) Senior fixed rate bearing an interest rate of 8.25% per annum with semi-annual interest payments. Principal will be paid in four semi-annual payments commencing June 2015	**15,144**	15,144
(iv) Subordinated loans with an interest rate based on LIBOR plus a spread ranging from 2.25% to 2.75% per annum. Principal will be paid in twenty semi-annual payments commencing December 2010	**9,465**	9,465
	136,916	150,948
	486,916	500,948
Less current maturities	**(14,032)**	(14,032)
	$472,884	$486,916

The minimum principal payments required in each of the next five years for long-term debt is approximately $14 million.

Limited recourse debt facilities are secured only by the assets of the Atlas joint venture. Under the terms of the limited recourse facilities, Atlas can make cash or other distributions after fulfilling certain conditions, including payment of the scheduled senior and subordinated debt obligations, the compliance with certain financial covenants and the funding of a debt service reserve account.

As at December 31, 2006, the Company has an undrawn, unsecured revolving bank facility of $250 million that expires in June 2010. This credit facility ranks pari passu with the Company's unsecured notes.

7. Other long-term liabilities:

AS AT DECEMBER 31	2006	2005
Asset retirement obligations (a)	**$ 16,111**	$19,596
Capital lease obligation (b)	**28,330**	32,146
Deferred, restricted and performance share units (note 8)	**22,620**	17,688
Chile retirement arrangement (note 16)	**17,476**	17,353
Other	**1,303**	2,301
	85,840	89,084
Less current maturities	**(17,022)**	(9,663)
	$ 68,818	$79,421

(a) Asset retirement obligations:

The Company has accrued for asset retirement obligations related to those sites where a reasonably definitive estimate of the fair value of the obligation can be made. Because of uncertainties in estimating future costs and the timing of expenditures related to the currently identified sites, actual results could differ

from the amounts estimated. During the year ended December 31, 2006, cash expenditures applied against the accrual for asset retirement obligations were $4.9 million (2005 — $5.0 million). At December 31, 2006, the total undiscounted amount of estimated cash flows required to settle the obligation was $16.9 million (2005 — $20.2 million).

(b) Capital lease obligation:

As at December 31, 2006, the Company has a capital lease obligation related to an ocean shipping vessel. The future minimum lease payments in aggregate and for each of the five succeeding years are as follows:

2007	**$ 8,744**
2008	**8,789**
2009	**8,834**
2010	**8,879**
2011	**8,574**
2012	**8,615**
	52,435
Less executory and imputed interest costs	**(24,105)**
	$ 28,330

8. Stock-based compensation:

The Company provides stock-based compensation to its directors and certain employees through grants of stock options and deferred, restricted or performance share units.

(a) Stock options:

There are two types of options granted under the Company's stock option plan: incentive stock options and performance stock options. At December 31, 2006, the Company had 2.3 million common shares reserved for future stock option grants under the Company's stock option plan.

(i) 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. Options granted prior to 2005 have a maximum term of ten years with one-half of the options vesting one year after the date of the grant and a further vesting of one-quarter of the options per year over the subsequent two years. Beginning in 2005, all options granted have a maximum term of seven years with one-third of the options vesting each year after the date of grant.

Common shares reserved for outstanding incentive stock options at December 31, 2006 and 2005 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, 2004	784,675	$ 10.82	1,397,000	$ 8.36
Granted	—	—	682,750	17.61
Exercised	(452,525)	11.49	(731,950)	7.96
Cancelled	(15,500)	14.63	(19,350)	12.01
Outstanding at December 31, 2005	316,650	9.67	1,328,450	13.29
Granted	**—**	**—**	**1,649,600**	**20.78**
Exercised	**(146,400)**	**11.00**	**(534,550)**	**11.42**
Cancelled	**(8,000)**	**11.00**	**(38,575)**	**18.79**
Outstanding at December 31, 2006	**162,250**	**$ 8.40**	**2,404,925**	**$ 18.76**

Information regarding incentive stock options outstanding at December 31, 2006 is as follows:

	OPTIONS OUTSTANDING AT DECEMBER 31, 2006			OPTIONS EXERCISABLE AT DECEMBER 31, 2006	
RANGE OF EXERCISE PRICES	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	NUMBER OF STOCK OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF STOCK OPTIONS EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
Options denominated in CAD$					
$3.29 to 13.65	**2.9**	**162,250**	**$ 8.40**	**162,250**	**$ 8.40**
Options denominated in U.S.$					
$6.45 to 10.01	**5.9**	**236,075**	**$ 8.47**	**236,075**	**$ 8.47**
11.56 to 22.52	**5.9**	**2,168,850**	**19.88**	**172,900**	**17.69**
	5.9	**2,404,925**	**$ 18.76**	**408,975**	**$ 12.37**

(ii) Performance stock options:

As at December 31, 2006 and 2005, there were 50,000 common shares reserved for performance stock options with an exercise price of CAD$4.47. All outstanding performance stock options have vested and are exercisable.

(iii) Fair value assumptions:

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:

FOR THE YEARS ENDED DECEMBER 31	2006	2005
Risk-free interest rate	**5%**	4%
Expected dividend yield	**2%**	2%
Expected life of option	**5 years**	5 years
Expected volatility	**40%**	43%
Expected forfeitures	**5%**	5%
Weighted average fair value of options granted (U.S.$ per share)	**$ 8.82**	$ 6.51

For the year ended December 31, 2006, compensation expense related to stock options was $8.6 million (2005 — $2.8 million).

(b) Deferred, restricted and performance share units:

Directors, executive officers and management receive some elements of their compensation and long-term compensation in the form of deferred, restricted or performance share units. Holders of deferred, restricted and performance share units are entitled to receive additional deferred, restricted or performance share units in lieu of dividends paid by the Company.

Deferred, restricted and performance share units outstanding at December 31, 2006 and 2005 are as follows:

	NUMBER OF DEFERRED SHARE UNITS	NUMBER OF RESTRICTED SHARE UNITS	NUMBER OF PERFORMANCE SHARE UNITS
Outstanding at December 31, 2004	455,519	1,014,313	—
Granted	80,502	569,234	—
Granted in lieu of dividends	11,898	31,375	—
Redeemed	(120,655)	(487,776)	—
Cancelled	—	(37,310)	—
Outstanding at December 31, 2005	427,264	1,089,836	—
Granted	**33,796**	**20,000**	**402,460**
Granted in lieu of dividends	**7,661**	**19,744**	**8,584**
Redeemed	**(149,975)**	**(575,748)**	**—**
Cancelled	**—**	**(35,075)**	**(4,962)**
Outstanding at December 31, 2006	**318,746**	**518,757**	**406,082**

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

The fair value of deferred, restricted and performance share units is initially measured at the grant date based on the market value of the Company's common shares and is recognized in earnings over the related service period. Changes in fair value are recognized in earnings for the proportion of the service that has been rendered at each reporting date. The fair value of deferred, restricted and performance share units outstanding at December 31, 2006 was $36.2 million (2005 — $29.0 million) compared with the recorded liability of $22.6 million (2005 — $17.7 million). The difference between the fair value and the recorded liability of $13.6 million will be recognized over the weighted average remaining service period of approximately 1.6 years.

For the year ended December 31, 2006, compensation expense related to deferred, restricted and performance share units included in cost of sales and operating expenses was $22.6 million (2005 — $13.0 million). Included in compensation expense for the year ended December 31, 2006 was $12.2 million (2005 — $3.8 million) related to the effect of the increase in the Company's share price. As at December 31, 2006, the Company's share price was US$27.37 per share.

9. Kitimat closure costs:

On November 1, 2005, the Kitimat methanol and ammonia facilities were permanently closed. Total closure costs of $41 million (before and after-tax) included employee severance costs of approximately $13 million and contract termination costs of approximately $28 million. Contract termination costs included costs to terminate a take-or-pay natural gas transportation agreement and an ammonia supply agreement. Approximately $35 million of the total Kitimat closure costs were paid in 2006 (2005 — $6 million). As at December 31, 2006, substantially all costs associated with the closure of the Kitimat methanol and ammonia facilities have been paid.

10. Interest expense:

FOR THE YEARS ENDED DECEMBER 31	2006	2005
Interest expense before capitalized interest	**$44,586**	$49,253
Less capitalized interest related to Chile IV	**—**	(7,764)
	$44,586	$41,489

Interest incurred during construction is capitalized to the cost of the asset until the asset is substantively complete and ready for productive use. The Chile IV methanol facility commenced operations in June 2005.

11. Segmented information:

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

During the years ended December 31, 2006 and 2005, revenues attributed to geographic regions, based on the location of customers, were as follows:

	UNITED STATES	EUROPE	KOREA	JAPAN	OTHER ASIA	LATIN AMERICA	CANADA	TOTAL
Revenue								
2006	**679,014**	**493,926**	**213,246**	**157,970**	**203,364**	**194,362**	**166,368**	**2,108,250**
2005	585,828	353,060	177,712	174,816	162,983	131,896	71,825	1,658,120

As at December 31, 2006 and 2005, the net book value of property, plant and equipment by country was as follows:

	CHILE	TRINIDAD	CANADA	KOREA	OTHER	TOTAL
Property, plant and equipment						
2006	**744,924**	**517,485**	**22,348**	**17,507**	**50,455**	**1,352,719**
2005	763,220	550,185	20,840	17,817	44,064	1,396,126

12. Income and other taxes:

(a) Income tax expense:

The Company operates in several tax jurisdictions and therefore its income is subject to various rates of taxation. Income tax expense differs from the amounts that would be obtained by applying the Canadian statutory income tax rate to income before income taxes. These differences are as follows:

FOR THE YEARS ENDED DECEMBER 31	2006	2005
Canadian statutory tax rate	**34.1%**	34.9%
Income tax expense calculated at Canadian statutory tax rate	**$224,598**	$100,466
Increase (decrease) in income tax expense resulting from:		
Income taxed in foreign jurisdictions	**(5,823)**	(24,244)
Losses not tax-effected	**697**	60,909
Previously unrecognized loss carryforwards and temporary differences	**(20,426)**	(29,852)
Adjustments related to retroactive change in tax legislation (i)	**(25,753)**	16,879
Non-taxable income and non-deductible expenses	**(2,369)**	(2,905)
Other	**4,386**	1,194
Total income tax expense	**$175,310**	$122,447

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

(b) Net future income tax liabilities:

The tax effect of temporary differences that give rise to future income tax liabilities and future income tax assets are as follows:

AS AT DECEMBER 31	2006	2005
Future income tax liabilities:		
Property, plant and equipment	**$ 193,413**	$ 210,295
Other	**198,212**	186,192
	391,625	396,487
Future income tax assets:		
Non-capital loss carryforwards	**232,755**	320,252
Property, plant and equipment	**34,961**	34,760
Other	**34,632**	36,583
	302,348	391,595
Future income tax asset valuation allowance	**(262,641)**	(326,182)
	39,707	65,413
Net future income tax liabilities	**$ 351,918**	$ 331,074

At December 31, 2006, the Company had non-capital loss carryforwards available for tax purposes of $540 million in Canada, $24 million in the United States and $63 million in New Zealand. The benefit relating to the non-capital loss carryforwards in the United States has been recognized by reducing net future income tax liabilities. In Canada and the United States these loss carryforwards expire in the period 2007 to 2024, inclusive. In New Zealand the loss carryforwards do not have an expiry date.

13. Changes in non-cash working capital:

Changes in non-cash working capital for the years ended December 31, 2006 and 2005 are as follows:

FOR THE YEARS ENDED DECEMBER 31	2006	2005
Decrease (increase) in non-cash working capital:		
Receivables	**$ (69,865)**	$ (3,315)
Inventories	**(104,662)**	2,060
Prepaid expenses	**(10,492)**	2,925
Accounts payable and accrued liabilities	**74,079**	(3,779)
	(110,940)	(2,109)
Adjustments for items not having a cash effect	**(8,597)**	1,178
Changes in non-cash working capital having a cash effect	**$(119,537)**	$ (931)
These changes relate to the following activities:		
Operating	**$(154,083)**	$ 29,398
Investing (a)	**34,546**	(30,329)
Changes in non-cash working capital	**$(119,537)**	$ (931)

(a) Included in changes in non-cash working capital related to investing activities for the year ended December 31, 2006 are cash receipts for incentive tax credits of $27.8 million related to the construction of the Chile IV methanol production facility that was completed in 2005. At December 31, 2005, the incentive tax credits were recorded as a reduction to property, plant and equipment and an increase to receivables and were included as an increase in non-cash working capital related to investing activities for the year ended December 31, 2005.

14. Derivative financial instruments:

(a) Forward exchange sales and purchase contracts:

The Company's forward exchange contracts to purchase and sell foreign currency in exchange for U.S. dollars at December 31, 2006 were as follows:

AS AT DECEMBER 31, 2006	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	MATURITY
Forward exchange purchase contracts:			
New Zealand dollar	**33 million**	**0.6655**	**2007**
Forward exchange sales contracts:			
Euro	**49 million**	**1.2795**	**2007**
Chilean peso	**15 billion**	**0.0019**	**2007**

As at December 31, 2006, the carrying value of forward exchange sales contracts was a liability of $0.2 million (2005 — $3.2 million) which approximates the fair value of these contracts.

(b) Interest rate swap contract:

As at December 31, 2006, the Company has an interest rate swap contract recorded in other long-term liabilities at fair value in the amount of $1.0 million (2005 — $2.0 million). As at December 31, 2006, this interest rate swap contract had a remaining notional principal amount of $35 million (2005 — $45 million). Under the contract, the Company receives floating-rate LIBOR amounts in exchange for payments based on a fixed interest rate of 6.7%. The contract matures over the period to 2010.

(c) Natural gas purchase options:

During 2006, the Company entered into a methanol offtake agreement with a methanol producer in Canada for a three-month period commencing January 1, 2007. The contract price includes a fixed facility fee and a variable fee indexed to natural gas prices. The Company entered into natural gas purchase options for the term of the methanol offtake agreement to mitigate its exposure to an increase in natural gas prices above the strike prices in the option contracts. The Company believes these option contracts provide an economic hedge of its exposure to increases in natural gas prices, however; these arrangements do not meet the requirements for hedge accounting treatment. Accordingly, changes in the fair value of the options are recognized immediately in earnings. Natural gas prices declined during the fourth quarter of 2006 and the fair value of the natural gas purchase options decreased by $4 million. This change in fair value was charged to earnings resulting in a decrease to interest and other income. At December 31, 2006, the carrying value of the natural gas purchase options was nil, which approximates the fair value of these contracts.

15. Fair value disclosures:

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

	2006		2005	
AS AT DECEMBER 31	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Long-term debt	**$ 486,916**	**$ 505,613**	$ 500,948	$ 526,789

The fair value of the Company's long-term debt is estimated by reference to current market prices for other debt securities with similar terms and characteristics. The fair values of the Company's derivative financial instruments as disclosed in note 14 are determined based on quoted market prices received from counterparties. Until settled, the fair values of the derivative financial instruments will fluctuate.

The fair value of forward exchange contracts used to hedge anticipated or committed foreign currency denominated exposures is recognized as an adjustment to the related revenues, operating costs or capital expenditures when the hedged transaction is recorded.

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 to derivative financial instruments with positive fair values failed completely to perform under the contracts was $1.9 million at December 31, 2006 (2005 — $0.3 million).

16. Retirement plans:

(a) Defined benefit pension plans:

The Company has non-contributory defined benefit pension plans covering certain employees. The Company does not provide any significant post-retirement benefits other than pension plan benefits. Information concerning the Company's defined benefit pension plans, in aggregate, is as follows:

	2006	2005
Accrued benefit obligations:		
Balance, beginning of year	**$ 59,611**	$ 50,177
Current service cost	**1,980**	2,336
Interest cost on accrued benefit obligations	**2,948**	2,840
Benefit payments	**(11,263)**	(3,504)
Gain on curtailment	**(94)**	—
Loss on settlement	**395**	—
Actuarial losses	**4,629**	5,490
Foreign exchange losses	**91**	2,272
Balance, end of year	**58,297**	59,611
Fair values of plan assets:		
Balance, beginning of year	**38,954**	36,065
Actual returns on plan assets	**2,919**	2,463
Contributions	**7,077**	2,987
Benefit payments	**(11,263)**	(3,504)
Foreign exchange gains	**431**	943
Balance, end of year	**38,118**	38,954
Unfunded status	**20,179**	20,657
Unamortized actuarial losses	**(14,448)**	(11,600)
Accrued benefit liabilities, net	**$ 5,731**	**$ 9,057**

The Company has an unfunded retirement arrangement for its employees in Chile that will be funded at retirement. At December 31, 2006, the accrued benefit liabilities, net is comprised of $17.5 million in other long-term liabilities for an unfunded retirement arrangement in Chile and $11.8 million in other assets for defined benefit plans in Canada.

The Company's net defined benefit pension plan expense for the years ended December 31, 2006 and 2005 is as follows:

FOR THE YEARS ENDED DECEMBER 31	2006	2005
Net defined benefit pension plan expense:		
Current service cost	**$ 1,980**	$ 2,336
Interest cost on accrued benefit obligations	**2,948**	2,840
Actual return on plan assets	**(2,919)**	(2,463)
Settlement and curtailment	**1,671**	—
Other	**1,557**	1,000
	$ 5,237	$ 3,713

The Company uses a December 31 measurement date for its defined benefit pension plans. Actuarial reports for the Company's defined benefit pension plans were prepared by independent actuaries for

funding purposes as of March 31, 2006 in Canada and December 31, 2006 in Chile. The next actuarial reports for funding purposes are scheduled to be completed as of December 31, 2009.

The actuarial assumptions used in accounting for the defined benefit pension plans are as follows:

	2006	2005
Benefit obligation at December 31:		
Weighted average discount rate	**5.40%**	5.60%
Rate of compensation increase	**4.10%**	3.50%
Net expense for year ended December 31:		
Weighted average discount rate	**5.90%**	6.70%
Rate of compensation increase	**4.14%**	3.50%
Expected rate of return on plan assets	**7.25%**	7.25%

The asset allocation for the defined benefit pension plan assets as at December 31, 2006 and 2005 are as follows:

	2006	2005
Equity securities	**59%**	63%
Debt securities	**34%**	33%
Cash and other short-term securities	**7%**	4%
Total	**100%**	100%

(b) Defined contribution pension plans:

The Company has defined contribution pension plans. The Company's funding obligations under the defined contribution pension plans are limited to making regular payments to the plans, based on a percentage of employee earnings. Total net pension expense for the defined contribution pension plans charged to operations during the year ended December 31, 2006 was $2.4 million (2005 — $2.9 million).

17. Commitments and contingencies:

(a) Take-or-pay purchase contracts and related commitments:

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 to 2025. The minimum estimated commitment under these contracts is as follows:

2007	2008	2009	2010	2011	Thereafter
$ 222,515	$ 180,783	$ 189,251	$ 190,814	$ 192,399	$ 2,058,257

(b) Operating leases:

The Company has future minimum lease payments under operating leases relating primarily to vessel charter, terminal facilities, office space and equipment as follows:

2007	2008	2009	2010	2011	Thereafter
$ 153,643	$ 101,570	$ 95,584	$ 72,440	$ 70,395	$ 370,113

(c) Argentina export duty costs:

Effective July 25, 2006, the government of Argentina increased the duty on exports of natural gas from Argentina to Chile, which has been in place since May 2004, from approximately $0.30 per mmbtu to $2.25 per mmbtu. Exports of natural gas from the province of Tierra del Fuego were exempt from this duty until late October 2006 when the government of Argentina extended this duty to include this province at the same rates applicable to the other provinces. As a result, the increased duty on exports of natural gas is applied to all of the natural gas feedstock that the Company sources from Argentina. The total annual cost of the export duty to these natural gas suppliers from Argentina has increased to approximately $200 million.

While the Company's gas contracts provide that gas suppliers are to pay any duties levied by the government of Argentina, the Company is in continuing discussions with its natural gas suppliers from Argentina regarding the impact of the increased export duty.

During 2006, the Company reached interim agreements with all of its natural gas suppliers from Argentina. In principle, the Company has agreed to share the cost of duties based in part on prevailing methanol prices. The Company has gained some flexibility to take the natural gas depending on prevailing methanol market conditions, and to the extent that these arrangements are not economic, then the Company will not purchase the natural gas. The Company is in continuing discussions to reach longer-term arrangements. However, the Company cannot provide assurance that it will be able to reach satisfactory longer-term arrangements with its natural gas suppliers from Argentina. As at December 31, 2006, the Company accrued $26 million to record the estimated cost of sharing export duties for natural gas consumed in 2006. Approximately $8 million was charged to earnings during 2006 and the remaining amount is included in the cost of inventory and will be charged to earnings when the inventory is sold.

18. United States Generally Accepted Accounting Principles:

The Company follows generally accepted accounting principles in Canada ("Canadian GAAP") which are different in some respects from those applicable in the United States and from practices prescribed by the United States Securities and Exchange Commission ("U.S. GAAP"). The significant differences between Canadian GAAP and U.S. GAAP with respect to the Company's consolidated financial statements as at and for the years ended December 31, 2006 and 2005 are as follows:

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31	2006		2005	
	CANADIAN GAAP	U.S. GAAP	CANADIAN GAAP	U.S. GAAP
ASSETS				
Current assets	**$ 990,254**	**$ 990,254**	$ 608,936	$ 608,936
Property, plant and equipment (a)	**1,352,719**	**1,389,031**	1,396,126	1,434,349
Other assets (d)	**100,518**	**93,041**	101,045	101,045
	$ 2,443,491	**$2,472,326**	$ 2,106,107	$2,144,330
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	**$ 340,620**	**$ 340,620**	$ 259,182	$ 259,182
Long-term debt	**472,884**	**472,884**	486,916	486,916
Other long-term liabilities (d)	**68,818**	**75,788**	79,421	82,347
Future income taxes (d)(f)	**351,918**	**363,232**	331,074	344,452
Shareholders' equity:				
Capital stock (a) (b)	**474,739**	**880,619**	502,879	909,023
Additional paid-in capital (b)	**—**	**11,059**	—	4,109
Contributed surplus (b)	**10,346**	**—**	4,143	—
Retained earnings	**724,166**	**341,175**	442,492	61,227
Accumulated other comprehensive loss	**—**	**(13,051)**	—	(2,926)
	1,209,251	**1,219,802**	949,514	971,433
	$ 2,443,491	**$2,472,326**	$ 2,106,107	$2,144,330

CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31	2006	2005
Net income in accordance with Canadian GAAP	**$ 482,949**	$165,752
Add (deduct) adjustments for:		
Depreciation and amortization (a)	**(1,911)**	(1,911)
Stock-based compensation (b)	**(482)**	—
Forward exchange contracts (c)	**—**	(306)
Income tax effect of above adjustments (f)	**669**	764
Net income in accordance with U.S. GAAP	**$ 481,225**	$164,299
Per share information in accordance with U.S. GAAP:		
Basic net income per common share	**$ 4.41**	$ 1.40
Diluted net income per common share	**$ 4.40**	$ 1.39

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31	2006	2005
Net income in accordance with U.S. GAAP	**$ 481,225**	$164,299
Other comprehensive income (loss):		
Change in fair value of forward exchange contracts, net of tax (c)	**—**	142
Change related to pensions, net of tax (d) (f)	**(10,125)**	(2,926)
Comprehensive income in accordance with U.S. GAAP	**$ 471,100**	$161,515

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS FOR THE YEARS ENDED DECEMBER 31	2006	2005
Balance, beginning of year in accordance with U.S. GAAP	**$ (2,926)**	$ (142)
Other comprehensive loss	**(10,125)**	(2,784)
Balance, end of year in accordance with U.S. GAAP	**$ (13,051)**	$ (2,926)

(a) 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 at December 31, 2006 has been increased by $36.3 million (2005 — $38.2 million) to reflect the business combination as a purchase. For the year ended December 31, 2006, an adjustment to increase depreciation expense by $1.9 million (2005 — $1.9 million) has been recorded in accordance with U.S. GAAP.

(b) Stock-based compensation:

Incentive stock options — Effective January 1, 2004, Canadian GAAP required the adoption of the fair value method of accounting for stock-based compensation awards granted on or after January 1, 2002. Effective January 1, 2005, under U.S. GAAP, the Company adopted the Financial Accounting Standards Board (FASB) FAS No. 123R, *Share-Based Payments*, which requires the fair value method of accounting for stock-based compensation awards for all awards granted, modified, repurchased or cancelled after the adoption date and unvested portions of previously issued and outstanding awards as at the adoption date. As this statement harmonizes the impact of accounting for stock-based compensation on net income under Canadian and U.S. GAAP for the Company, except as disclosed in (i) below, no adjustment to operating expenses was required for the years ended December 31, 2006 and 2005.

(i) Variable plan options:

In 2001, prior to the effective implementation date for fair value accounting related to stock options for Canadian GAAP purposes, the Company granted 946,000 stock options that are accounted for as variable plan options under U.S. GAAP because the exercise price of the stock options is denominated in a currency other than the Company's functional currency or the currency in which the optionee is normally

compensated. Under the intrinsic value method for U.S. GAAP, the final measurement date for variable plan options is the earlier of the exercise date, the forfeiture date and the expiry date. Prior to the final measurement date, 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 options at each reporting date. Compensation expense is recognized ratably over the vesting period. During the year ended December 31, 2006, an adjustment to increase operating expenses by $0.5 million (2005 — nil) was recorded in accordance with U.S. GAAP.

(c) Forward exchange contracts:

Under Canadian GAAP, forward exchange contracts that are designated and qualify as hedges are recorded at fair value and recognized in earnings when the hedged transaction is recorded. Under U.S. GAAP, forward exchange contracts that are designated and qualify as hedges are recorded at fair value at each reporting date, with the change in fair value either being recognized in earnings to offset the change in fair value of the hedged transaction, or recorded in other comprehensive income until the hedged transaction is recorded. The ineffective portion, if any, of the change in fair value of forward exchange contracts that are designated and qualify as hedges is immediately recognized in earnings. For the year ended December 31, 2006, no adjustment to earnings (2005 — decrease earnings by $0.3 million) was recorded in accordance with U.S. GAAP.

(d) Defined benefit pension plans:

Effective January 1, 2006, under U.S. GAAP, the Company prospectively adopted Financial Accounting Standards Board (FASB) FAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an Amendment of FASB Statements No. 87, 88, 106, and 132(R)*, which requires the Company to measure the funded status of a defined benefit pension plan at its balance sheet reporting date and recognize the unrecorded overfunded or underfunded status as an asset or liability with the change in that unrecorded funded status recorded to accumulated comprehensive income. As at December 31, 2006, the impact of this standard on the Company is the reclassification of unrecognized actuarial losses for Canadian GAAP of $14.4 million, net of a future income tax recovery of $1.4 million to accumulated comprehensive loss in accordance with U.S. GAAP. For the year ended December 31, 2005, prior to the adoption of FAS No. 158, the Company was required to recognize an additional minimum pension liability equal to the excess of the unfunded accumulated benefit obligation over the accrued pension benefits liability and this resulted in the recognition of $2.9 million for this excess to accumulated comprehensive loss in accordance with U.S. GAAP.

(e) Interest in Atlas joint venture:

U.S. GAAP requires interests in joint ventures to be accounted for using the equity method. Canadian GAAP requires proportionate consolidation of interests in joint ventures. The Company has not made an adjustment in this reconciliation for this difference in accounting principles because the impact of applying the equity method of accounting does not result in any change to net income or shareholders' equity. This departure from U.S. GAAP is acceptable for foreign private issuers under the practices prescribed by the United States Securities and Exchange Commission. Details of the Company's interest in the Atlas joint venture is provided in note 4 to the Company's consolidated financial statements for the year ended December 31, 2006.

(f) Income tax accounting:

The income tax differences include the income tax effect of the adjustments related to accounting differences between Canadian and U.S. GAAP. During the year ended December 31, 2006, this resulted in an adjustment to increase net income by $0.7 million (2005 — $0.8 million) and an adjustment to increase other comprehensive income by $1.4 million (2005 — nil).

(g) Performance share units:

Executive officers and management of the Company receive some elements of their long-term compensation in the form of performance share units. Performance share units are grants of notional common shares

where the ultimate number of units that vest will be determined by the Company's total shareholder return in relation to a predetermined target over the period to vesting. The number of units that will ultimately vest will be in the range of 50% to 120% of the original grant. Under Canadian GAAP, the fair value of performance share units is measured each reporting period as the market price multiplied by the total shareholder return result. This fair value is recognized over the related service period with changes in fair value being recognized in earnings for the proportion of the service that has been rendered at each reporting date. Under U.S. GAAP, the fair value of performance share units is calculated each reporting period using a pricing model that incorporates the service and market conditions related to the performance share units. This fair value is recognized over the related service period with changes in fair value being recognized in earnings for the proportion of the service that has been rendered at each reporting date. For the years ended December 31, 2006 and 2005, no adjustment to operating expenses was recorded in accordance with U.S. GAAP.

(h) Recently issued U.S. accounting pronouncements:

The Financial Accounting Standards Board (FASB) has issued interpretation no. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for income taxes recognized in a Company's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes (SFAS 109)*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, and transition. FIN 48 is effective for the Company as of January 1, 2007. The Company is currently assessing the impact of this interpretation on its financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Methanex Corporation

We have audited management's assessment, included in the accompanying Responsibility for Financial Reporting, that Methanex Corporation ("the Company") maintained effective internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have conducted our audits on the consolidated financial statements in accordance with Canadian generally accepted auditing standards. With respect to the year ended December 31, 2006, we also have conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our report dated March 2, 2007, expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Chartered Accountants
Vancouver, Canada

March 2, 2007

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Methanex Corporation

We consent to the inclusion in this annual report on Form 40-F of:

- our auditors' report dated March 2, 2007 on the consolidated balance sheets of Methanex Corporation ("the Company") as at December 31, 2006 and December 31, 2005, and the consolidated statements of income, shareholders' equity and cash flows for the years then ended
- our Report of Independent Registered Public Accounting Firm dated March 2, 2007 on management's assessment of the effectiveness internal control over financial reporting as of December 31, 2006 and the effectiveness of internal control over financial reporting as of December 31, 2006

each of which is contained in this annual report on Form 40-F of the Company for the fiscal year ended December 31, 2006.

KPMG LLP (Signed)

Chartered Accountants
Vancouver, Canada
March 26, 2007

Exhibit 31.1

CERTIFICATION

I, Bruce Aitken, certify that:

1. I have reviewed this annual report on Form 40-F of Methanex Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and
5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of issuer's board of directors (and persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: April 2, 2007

/s/ BRUCE AITKEN
Bruce Aitken
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Ian Cameron, certify that:

1. I have reviewed this annual report on Form 40-F of Methanex Corporation;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and
5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of issuer's board of directors (and persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: April 2, 2007

/s/ IAN CAMERON
Ian Cameron
Senior Vice President, Finance
and Chief Financial Officer

Exhibit 32.1

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, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bruce Aitken, 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/ BRUCE AITKEN
Bruce Aitken
President and Chief Executive Officer
April 2, 2007

Exhibit 32.2

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, 2006 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
April 2, 2007